

# AXA Global High Income Fund R GBP

Fund facts - 29/02/2012



## ANDREW WILMONT

### Head of European High Yield Joined April 2005

Andrew joined AXA IM in 2005 and is Head of European High Yield, based in London. Initially joining as a Senior Portfolio Manager, he was appointed to his current role in 2009. Prior to joining AXA IM, he held positions at Pareto Partners, New Flag Asset Management and Saudi International Bank, having started his career in London as a fundamental analyst (both credit and equity). He has been managing European and global High Yield portfolios since 2002 and has been active in the European High Yield market since its inception in 1997.

Andrew holds an MA in Business and an LLM, both from the Vrije Universiteit in Amsterdam, The Netherlands. He is a CFA Charterholder.

## Fund history

Merger between AXA Global High Income Fund (AXA Global Investment ICVC) and AXA Global High Income Fund R (AXA Fixed Interest Investment ICVC) dated 11/01/2008.

## Objective

The aim of this fund is to provide long-term, high yield returns.

## Fund manager's commentary

### Main changes to the portfolio during February

Amid the confident backdrop, we continued to make various relative value trades, moving selectively into higher yielding opportunities of similar credit quality bonds. In Europe, we also sold out of our holding in Spanish meat producer Campofrio, securing good profits after the company announced results that were ahead of expectations. In the US, we remain underweight towards the lowest yielding, more interest rate sensitive portion of the High Yield market.

### Factors affecting performance during February

February continued where January left off, proving to be another strong month for global credit, with European and US High Yield markets both participating in the rally. During the month, the BoA ML Global High Yield TR Index rose +2.9%. Year to date as at the end of February, the Global High Yield market boasted impressive total returns, in excess of +6.7%. With both retail and institutional investors looking for yield, and both economic and corporate news offering encouragement (particularly in the US), inflows into High Yield credit were strong during the month. As a result, higher risk bonds, such as financials, outperformed the more conservative credits and primary market activity was strong. Accordingly, the Fund's overweight exposure to yield proved positive for performance.

### Current market influences and outlook

Improving global economic news, most notably in the US, is encouraging and is likely to have positive knock-on effects for global trade. The surprising strength of the German IFO business confidence indicator is also a positive for the rest of Europe, although a modest recession in the Euro Area remains our central scenario, given fiscal tightening and the difficult credit environment. Recent rises in global commodity prices also represent a new and unwelcome threat to confidence. Having said this, things have improved in Europe and, as such, our core strategy is to retain our overweight yield versus the reference benchmark. However, considering the recent rally in High Yield credit, we have refrained from adding further risk in the past month.

The European High Yield market still looks very attractive versus US High Yield, if we include bonds from the financial sector. Focusing on the industrial sectors only, the differential between European and US spreads is nearly back to its long term average of around 100 basis points. As a result, we remain neutral in European High Yield.

Given the continued price volatility, we will pick and choose when to add additional yield to our portfolios, content to wait for more attractive entry levels. Considering strong company fundamentals, both in the US and Europe, we retain our barbell strategy, focusing on shorter-dated, higher-rated names, while, at the same time, being overweight the longer-dated, lower-rated names. Our fundamental company opinions are still constructive, bolstering our case for an overweight in risk at attractive valuations. Considering the macro economic challenges, we will keep the average portfolio credit quality the same, if not stronger, than that of the reference index.

Past performance is not a guide to future returns. The value of investments and the income from them can fall as well as rise and you may not get back the full amount originally invested.

## Top ten holdings

	%
NUVEEN INVESTMENTS INC 10.5% 15/11/2015	0.9
APTALIS PHARMA INC 01/03/2016	0.7
WEST CORP 11% 15/10/2016	0.7
AMC ENTERTAINMENT INC 9.75% 01/12/2020	0.6
SEQUA CORP 11.75% 01/12/2015	0.6
DAVE & BUSTERS 11% 01/06/2018	0.6
AES CORP 9.75% 15/04/2016	0.6
YCC HOLDINGS/YANKEE FINA 02/16 FIXED 10.25	0.6
12429WAB 10.125% 01/11/2015	0.6
SUNSTATE EQP CO 12% 15/06/2016	0.6
<b>Total*</b>	<b>6.5</b>
<b>Total number of holdings</b>	<b>409</b>

\* Total may not equal sum of top ten holdings weightings (above) due to rounding.

# AXA Global High Income Fund R GBP

Fund facts - 29/02/2012

## Discrete performance over 12 month periods to latest quarter end (%)

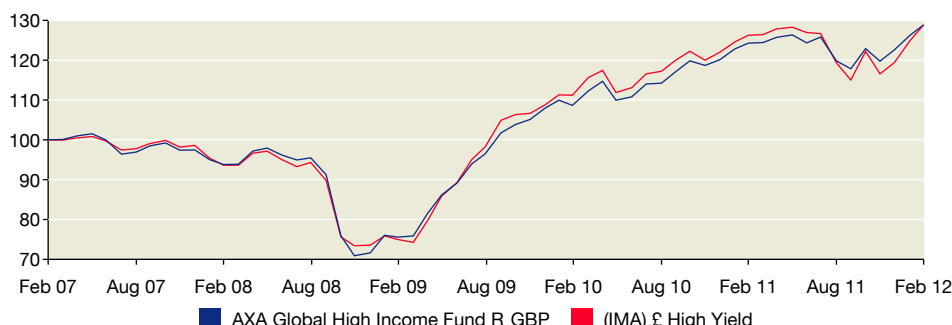
	31/12/06	31/12/07	31/12/08	31/12/09	31/12/10
	- 31/12/07	- 31/12/08	- 31/12/09	- 31/12/10	- 31/12/11
AXA Global High Income Fund R GBP	-0.2	-26.5	50.8	11.3	2.0

## Cumulative performance

	Fund (%)	Benchmark* (%)	Sector median (%)	Ranking	Quartile
6 M.	7.5	8.5	8.3	13/24	3
Year to date	5.1	6.7	7.9	21/25	4
1 Y.	3.7	6.0	2.1	5/24	1
3 Y.	70.5	97.4	75.0	10/22	2
5 Y.	28.9	46.1	32.7	7/21	2

\* Benchmark: BofA Merrill Lynch Global High Yield Index

## Fund performance over five years (%)



Performance data takes into account the annual management charges, but not any initial charge that may be payable. Source: AXA Investment Managers and Morningstar. Figures are quoted on a single pricing basis, in sterling terms, net of fees and expenses, and assume net income is reinvested. Investments in stock market Funds should normally be viewed as medium- to long-term investments. We recommend that customers speak to their financial advisers before making any investment decisions.

In order that investors can monitor the progress of their investment, the returns on the Fund are compared with those of a Composite Index/Benchmark/Sector which we believe best matches the long term objectives of the Fund. This information has been included for comparative purposes only. The objective and policy of the Fund may not precisely match this comparison.

## Asset class breakdown

	%
Non UK Corporate Bonds	88.80
UK Corporate Bonds	4.99
Non UK Government Bonds	0.65
Cash	5.55

## Ratings allocation of bond portfolio

	%
BBB	2.86
BB	24.06
B	46.59
CCC	24.50
CC	0.61
C	0.65
NR	0.73

Sources: AXA Investment Managers UK Limited and Morningstar. Unless otherwise stated all data shown is at 29/02/2012.

## Important information

The value of investments and income generated from them can go down as well as up and is not guaranteed. Investors may not get back the amount originally invested. Past performance is not a guide to future returns.

**This document does not provide you with all of the facts you need to make an informed investment decision. Before investing you should read the Simplified Prospectus and where appropriate seek professional investment advice.**

Issued by AXA Investment Managers UK Limited (AXA IM UK). AXA IM UK is the Authorised Corporate Director, Authorised Fund Manager and Investment Manager for a range of Open Ended Investment Companies (OEICs) and Authorised Unit Trusts. AXA IM UK is registered in England and Wales No. 01431068. Registered office: 7 Newgate Street, London, EC1A 7NX. AXA IM UK is authorised and regulated by the Financial Services Authority (No. 119368). Administration office: PO Box 10908, Chelmsford, CM99 2UT. Tel: 0845 777 5511 Fax: 0844 620 0151. Telephone calls may be recorded or monitored for quality assurance purposes.

## Fund facts

Fund type	OEIC
Fund size	£73.8m
Underlying Yield*	6.5%
Yield to Worst*	6.09%
Launch date	15/01/01
Currencies available	GBP
Dealing day	09:00 to 17:30 business hours
Valuation point	12:00 London time

\* Net of tax after charges.

## Investment information

Initial charge	4.00%
Annual charge	1.25%
Min initial investment	£1,000
Min subsequent investment	£500
Min monthly investment	£50
ISA status	Yes

## Fund codes

Sedol	accumulation	3002014
	income	3001970
ISIN	accumulation	GB0030020142
	income	GB0030019706
MEX	accumulation	ELGHAC
	income	ELGHIC

## Income payments

Accounting Final	30 Jun
Ref Dates	
Interim	30 Sep, 31 Dec, 31 Mar
Distributions Final	31 Aug
Interim	30 Nov, 28 Feb, 31 May
Calendar year	Net income (p)
2007	4.69
2008	5.01
2009	5.29
2010	5.33
2011	5.60

Customer services

**0845 777 5511**

Broker services desk

**0845 766 0184**

[www.axa-im.co.uk](http://www.axa-im.co.uk)



**Fixed Income**

An AXA Investment Managers Expertise