

## FIXED INCOME

## AXA Global High Income Fund Z (G) GBP

**JAMES GLEDHILL****Head of European High Yield  
Joined June 2011**

James joined AXA IM in June 2011 and has over 22 years' investment experience. He joined AXA IM from Henderson New Star, where he spent 10 years. During his time there he successfully launched and built their retail fixed income business (from nil to circa £3bn in assets in a competitive retail environment), and was appointed Head of Fixed Income in 2007. Between 1992 and 2001, he worked for M&G and Prudential M&G, managing flagship High Yield and Corporate Bond Funds. He holds a degree from Oxford University.

**Fund history**

The AXA Global High Income Fund was formally a sub-fund of the AXA Global Investment Management Company ICVC and merged into the AXA Fixed Interest Company ICVC on 11/01/2008. Any performance history that pre-dates the merger would have been attributed to the Fund before the merger.

Morningstar Analyst Rating as of 22 March 2012. ©2012 Morningstar. All Rights Reserved. The Morningstar Analyst Rating™ is subjective in nature and reflects Morningstar's current expectations of future behaviour of the fund. Morningstar does not guarantee that a fund will perform in line with its Rating. Likewise, the Rating should not be seen as a guarantee/assessment of the creditworthiness of a fund or its underlying securities and should not be used as the sole basis for making any investment decisions.

**Objective**

The aim of the Fund is to provide long-term high income combined with any capital growth.

**Fund manager's commentary****Main changes to the portfolio during August**

We sold a small number of lines to fund gentle outflows and participation in two new issues; AS Roma in Europe and Forgital in the US. Later in the month we began to see more significant inflows which we predominantly chose to retain as cash to participate in the new issue calendar and anticipated better value in early September.

**Factors affecting performance during August**

Fixed income returns remained positive in August except for emerging markets (impacted by Argentina) and the CCC section of US high yield. Government yields reached new lows in Europe and the US treasury curve briefly became inverted. There have, and continue to be, key drivers from the macro side with a growth slowdown now evident in many economies. However, the magnitude of government yield moves has arguably exceeded what might be explained by the macro outlook alone, particularly with central banks offering little new in terms of interest rate cuts.

Spreads (yield premium over the relevant government bond) have behaved well, signalling that corporate balance sheets are in good health despite slower growth. Most credit markets have seen positive excess returns relative to strong government bond performance. Indeed, credit markets provide some comfort to investors as the message from credit is that the risks of a full-blown recession are not as great as the movement in rates suggests.

Global high yield has been technically quite tight, with the normal slow August issuance exacerbated, particularly in Europe, by the repayment of around €5.5 billion of Wind bonds by parent Hutchison Whampoa.

In August, the ICE BofAML Global High Yield Index recorded +0.01% total return (euro hedged).

**Current market influences and outlook**

While credit spreads have narrowed since the beginning of the year, a further increase in global recession risks would likely reverse this trend, especially if equity market volatility also increased. Hence the determinants of market behaviour will be the economic data; to gauge how trade tensions have already impacted on economic activity, the evolution of discussions between China and the US on trade, and the willingness of the central banks to meet market expectations of easier policy.

Our view is that rates will generally be lower and that a recession will be avoided. However, valuations are less attractive in both rates and credit markets and there are considerable uncertainties in the outlook. As a result, fixed income returns may be less appealing than so far in 2019.

Past performance is not a guide to future performance. 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. **Before investing you should read the fund's Key Investor Information Document (KIID) for full product details including investment risks and contact a financial adviser where unsure.**

**Top ten holdings**

	%
SOPHIA LP / SOPHIA FINANCE INC 9% 09/30/2023	1.0
SOLERA LLC / SOLERA FINANCE INC 10.5% 03/01/2024	0.8
WATCO COS LLC / WATCO FINANCE 6.375% 04/01/2023	0.8
KENAN ADVANTAGE GROUP INC 7.875% 07/31/2023	0.8
TRANSDIGM INC 6% 07/15/2022	0.8
JAGUAR HLDG II / PHARMA PDT DVLPT 6.375% 08/01/2023	0.7
BUILDING MATERIALS CORP 5.5% 02/15/2023	0.7
AMERICAN MIDSTREAM PARTNERS LP 9.5% 12/15/2021	0.7
CCO HOLDINGS LLC / CAPITAL CORP 5.875% 05/01/2027	0.7
STERIGENICS-NORDION TOPCO LLC 8.125% 11/01/2021	0.7
<b>Total*</b>	<b>7.7</b>
<b>Total number of holdings</b>	<b>359</b>

\* Total may not equal sum of top ten holdings weightings (above) due to rounding.  
Stocks shown for information purposes only. They should not be considered as advice or a recommendation.

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

	30/06/14	30/06/15	30/06/16	30/06/17	30/06/18
	- 30/06/15	- 30/06/16	- 30/06/17	- 30/06/18	- 30/06/19
AXA Global High Income Fund Z (G) GBP	0.7	-1.8	13.6	1.1	4.7

## Cumulative performance

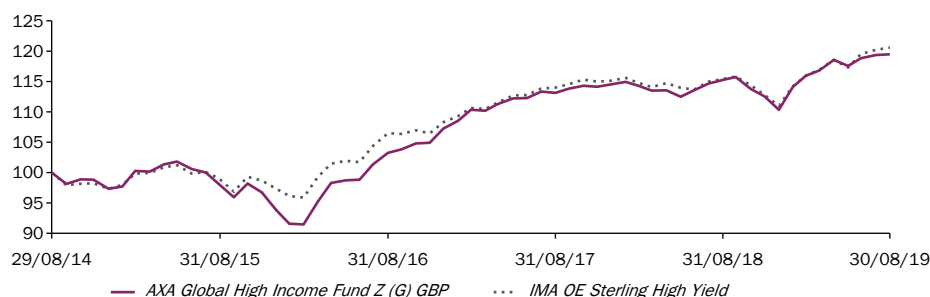
	Fund (%)	Benchmark* (%)	Sector median (%)	Ranking	Quartile
6 M.	3.0	3.7	4.1	34/43	4
Year to date	8.3	9.2	9.1	32/43	3
1 Y.	3.7	5.8	4.4	28/43	3
3 Y.	15.7	14.6	13.5	11/36	2
5 Y.	19.5	23.2	20.6	25/33	3

Fund performance is net of fees and tax

\* Comparative Benchmark: BofA Merrill Lynch Global High Yield Index

Note that sector median, ranking and quartile figures are based on the funds primary share class, AXA Global High Income R class.

## Cumulative performance over five years



Performance data takes into account the annual management charges, but not any initial charge that may be payable. Figures are quoted on a single pricing basis, in sterling terms, net of fees and expenses, and assume gross income is reinvested. Investments in stock market Funds should normally be viewed as medium to long-term investments.

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 Allocation

	%
Non Sterling Corporate Bonds	89.09
Cash	7.26
Sterling Corporate Bonds	3.61
Non Sterling Government Bonds	0.04
Property	0.00

## Ratings allocation of bond portfolio

	%
A	0.00
BBB	2.05
BB	31.77
B	47.90
CCC	17.75
NR	0.53

Sources: AXA Investment Managers UK Limited and Morningstar. Unless otherwise stated all data shown is at 30/08/2019.

## 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 Key Investor Information Document and where appropriate seek professional investment advice.**

## Fund facts

Fund type	OEIC
Fund size	£118.1m
Underlying Yield*	5.10%
Yield to Worst**	4.92%
Launch date	11/01/08
IA Sector	£ High Yield
Currencies available	GBP
Dealing day	09:00 to 17:30 business hours
Valuation point	12:00 London time

\* Underlying Yield is gross of tax and net of expenses.

\*\* Yield to worst is gross of tax and expenses. All

information in this factsheet relates to share class Z only.

## Investment information

Initial charge	0.00%
Ongoing charges	0.57%
Min initial investment	£100,000
Min subsequent investment	£5,000
ISA status	Eligible

## Fund codes

Sedol	accumulation	B29NGF0
	income	B29NG94
ISIN	accumulation	GB00B29NGF01
	income	GB00B29NG940
MEX	accumulation	ELHHIA
	income	ELHHIN

## 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)
2014		7.08
2015		7.65
2016		7.37
2017		5.64
2018		5.28