

AXA WF Asian High Yield Bonds A (H) EUR

Fund Managers's Comment

Performance Attribution

- The fund rose 0.21% (gross of fees for the I USD share class) in February. The positive performance was driven by both spread returns and carry. The movement higher in US rates was negative for the fund's performance. The US 10-year bond yield rose 34 bps over the month, while the risk premium on the JACI 3-5 Year index decreased.
- All but two countries contributed positively to the fund's returns with Hong Kong, India and Indonesia being the largest contributors, with 11 and 4 basis points each respectively, while Australia detracted 4 basis point.
- On a sector basis, telecommunication, leisure, and utility bonds were the largest contributors, adding 8, 7 and 4 bps respectively. The banking and technology sectors were the only detractors, at 4 and 2 bps.
- The fund holds a broad range of issuers that contributed to its performance this month. Bonds issued by CAS Capital (Hong Kong telco), ReNew Power (Indian renewable energy operator), and the Indonesian sovereign contributed 8 and 2 basis points each respectively. Three Australian banks, NAB, ANZ, and Commonwealth Bank, were the only negative contributors costing a combined 4 basis points in February as US rates rose.
- High yield credits outperformed investment grade counterparts due to robust spread tightening in February.

Market Review

In February, emerging market bonds performed positively, with EM sovereigns outperforming EM corporates. Real yields rose as US Treasury yields sold off, with the re-pricing of Fed interest rates cuts for later in the year. However, spreads compressed and this outweighed the impact of higher US yields.

Regarding country events, In Indonesia, Prabowo Subianto's decisive victory in the elections avoided the need for a second-round run-off, securing his position as the next president.

In China, the Chinese Lunar New Year holiday brought about strong travel numbers, surpassing pre-Covid levels, although per capita consumption remained weak. Chinese authorities revealed plans to merge three large state-owned Asset Management Companies responsible for managing the resolution of bad loans in the Chinese finance sector, coinciding with significant losses in the Chinese stock market and the implementation of curbs on short selling and hedge fund trading to improve market sentiment. The Chinese property market continued to be volatile, and headline driven with movements in sales volumes and prices still negative.

Position Change

High yield bonds were added to support the portfolio's overall carry. These were funded by selling lower yielding bonds or those close to maturity. The average credit rating for the fund remained stable with small rotations across countries. Holdings in South Korea, Hong Kong, Indonesia were reduced and bonds added in India, Singapore, Kazakhstan and Oman. Holdings in Indian Railway Finance and JSW Steel were exited as these issuers entered our ESG coal exclusion list. We opened positions in HDFC Bank in India and KazMunayGas in Kazakhstan, and increased holdings China Cinda Asset Management as these bonds offered a good yield for their risk profile.

Duration remained unchanged at 2.2 year. The portfolio's yield rose to 6.1% as US rates moved higher. The average credit rating for the fund remained at BBB+. The percentage of high yield bonds increased by 2% to 19%. We will continue to monitor the credit quality of our holdings and adjust our portfolio as needed to optimize performance.

Benchmark

Since: 29/06/2016

100% JP Morgan Asia Credit Non Investment Grade

The Fund is actively managed with deviation expected in term of constitution and performance compared to benchmark that is likely to be significant.

Fund Profile

ESG Rating



ESG Relative Rating

Lower  Higher

CO2 Relative rating

More CO₂  Less CO₂

% of AUM covered by ESG absolute rating: Portfolio = 89.0% Benchmark = 88.6% (not meaningful for coverage below 50%)

% of AUM covered by CO2 intensity indicator: Portfolio = 90.1% Benchmark = 89.9% (not meaningful for coverage below 50%)

For more information about the methodology, please read the section 'ESG Metrics Definition' below

Fund Manager

Mark BODON

Mikhail VOLODCHENKO - Co-Manager

Additional Information

Administration: A (H) EUR

Legal form	SICAV
UCITS Compliant	Yes
AIF Compliant	No
Legal country	Luxembourg
1st NAV date	28/11/2016
Fund currency	USD
Shareclass currency	EUR
Valuation	Daily
Share type	Accumulation
ISIN code C / D	LU1398135613 / LU1398135704
Distribution Type	Net Income
Bloomberg Code C / D	AXAAAEH LX / AXAAAEH LX
Maximum initial fees	3%
Transaction costs	0.59%
Ongoing charges	1.54%
Financial management fees	1.25%
Maximum management fees	1.25%
Performance fees : none	
Management company	AXA INVESTMENT MANAGERS PARIS S.A.
(Sub) Financial delegation	AXA Investment Managers UK Limited
Delegation of account administration	State Street Bank International GmbH (Luxembourg Branch)
Custodian	State Street Bank International GmbH (Luxembourg Branch)
Guarantor	.Not Applicable

As disclosed in the most recent Annual Report, the ongoing charges calculation excludes performance fees, but includes management and applied services fees. The effective Applied Service Fee is accrued at each calculation of the Net Asset Value and included in the ongoing charges of each Share Class. The investment will be reduced by the payment of the above mentioned fees.

Fund Objectives

The Sub-Fund investment objective is to seek performance through dynamic exposure to the Asian fixed Income market by investing at least 70% of its net assets in debt securities issued in the Asian debt universe over a medium- term period.

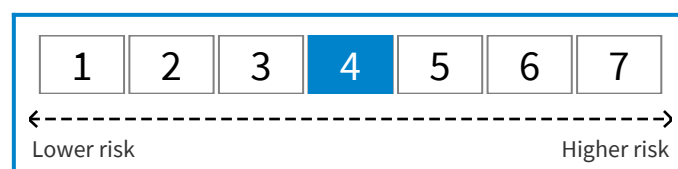
The Share Class aims at hedging the foreign exchange risk resulting from the divergence between the reference currency of the Sub-Fund and the currency of this Share Class by using derivatives instruments whilst retaining the exposure to Investment Policy of the Sub-Fund.

Investment Horizon

The risk and the reward of the product may vary depending on the expected holding period. We recommend holding this product at least for 5 years.

Risk Indicator

The information shown below is from the KID PRIIPS.



The risk indicator assumes you keep the product for 5 years.

The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 3 out of 7 which is the a medium-low risk class. This rates the potential losses from future performance at a medium-low level. The risk category associated to this product was determined based on past observations, it is not guaranteed and can evolve in the future.

Be aware of currency risk. You will receive payments in a different currency, so the final return you will get depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Other risks not included in the Summary risk indicator can be materially relevant, such as counterparty risk, derivatives risk. For further information, please refer to the prospectus.

This product does not include any protection from future market performance so you could lose some or all of your investment.

Subscription Redemption

The subscription, conversion or redemption orders must be received by the Registrar and Transfer Agent on any Valuation Day no later than 3 p.m. Luxembourg time. Orders will be processed at the Net Asset Value applicable to the following Valuation 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. The Net Asset Value of this Sub-Fund is calculated on a daily basis.

* 1st NAV date: 28/11/2016

Source(s): AXA Investment Managers as at 29/02/2024
For more information about AXA IM, visit axa-im.com

Additional Information (Continued)

How to Invest

Before making an investment, investors should read the relevant Prospectus and the Key Investor Information Document (particularly for UK investors) / Key Information Document / scheme documents, which provide full product details including investment charges and risks. The information contained herein is not a substitute for those documents or for professional external advice.

Retail Investors

Retail investors should contact their Financial intermediary.

ESG Metrics Definition

Our approach to ESG measurement seeks to combine qualitative and quantitative techniques. The tree rating shown in this report is a simple pictorial representation of the overall ESG rating of the fund's portfolio. A fund which has 1 tree has a poor ESG rating, whereas a fund with 5 trees has a high ESG rating. For more information on our ESG standards, approach and methodology please visit: Putting ESG to work | AXA IM Core (axa-im.com).

ESG relative rating is calculated as the difference between the ESG absolute rating of the portfolio and the ESG absolute rating of benchmark. If ESG Relative rating is positive (negative), this means that the portfolio has a higher (lower) ESG absolute rating than the benchmark.

CO2 relative intensity is calculated as the difference between the intensity of the fund (expressed in tCO2/M€ Revenues) and the one of benchmark.

If CO2 Relative intensity is green, it means that the intensity of portfolio is lower than that of the benchmark. If CO2 Relative intensity orange, it means that the intensity of the portfolio is higher than that of the benchmark. If CO2 Relative intensity is yellow, it means that intensity of the portfolio is similar than that of the benchmark.

ESG indicators are for informational purposes only.

The portfolio has a contractual objective on one or more ESG indicators.

Disclaimers

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For more information on sustainability-related aspects please visit <https://www.axa-im.com/what-is-sfdr>.

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* 1st NAV date: 28/11/2016

Additional Information (Continued)

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marketer or directly with the management company (more information on AXA IM complaints policy is available in English: <https://www.axa-im.com/important-information/comments-and-complaints>)

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<https://ec.europa.eu/consumers/odr/main/index.cfm?event=main.home.chooseLanguage>) and provides you with information on available means of redress (available at:

<https://ec.europa.eu/consumers/odr/main/?event=main.adr.show2>).

Summary of investor rights in English is available on AXA IM website <https://www.axa-im.com/important-information/summary-investor-rights>.

Translations into other languages are available on local AXA IM entities’ websites.

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Source(s): AXA Investment Managers as at 29/02/2024

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