

AXA WF US Short Duration High Yield Bonds



International trade wars, concerns over global growth and interest rate uncertainty are just some of the events that have created an uncertain market environment, and could cause some jitters in the high yield sector. For investors concerned about this changing environment, short duration high yield bonds could offer a way to access yield, while minimising portfolio volatility.

AXA WF US Short Duration High Yield Bonds aims to achieve high attractive income and capital growth by investing in US high yield bonds which are expected to mature or be redeemed within three years.



WHO IS IT FOR? INVESTORS:

- › Looking for an attractive regular income.
- › Focused on reducing interest rate risk.
- › Seeking to mitigate market volatility.



WHY AXA INVESTMENT MANAGERS?

- › Around 120 fixed income investment professionals¹
- › Over 20 years' experience managing short duration strategies across market cycles.²
- › A range of 10 short duration strategies across different markets and credit spectrums.

¹ AXA IM as at 31 March 2020. Information about the staff teams and / or AXA Investment Managers is only informative. We do not guarantee the fact that staff remain employed by AXA Investment Managers or continue to exercise in the teams of AXA Investment Managers.

² AXA WF Euro Credit Short Duration first launched in 1999 as an aggregate strategy, before shifting to pure credit in 2009.

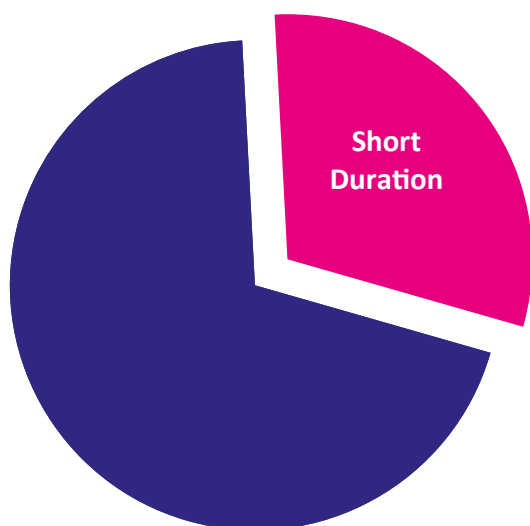
Investor challenges today

Ongoing geopolitical tensions, interest rate uncertainty and intensifying concerns over global growth are contributing to a precarious environment. Coupled with fears that an unsettled market like this could continue for the foreseeable future, investors searching for yield have been left in a difficult position.

Investing in US short duration high yield

Investors searching for yield in this turbulent market may find that a short duration approach to US high yield could help them meet their objectives. The natural generation of cash through corporate actions, combined with steady coupon income, gives our AXA WF US Short Duration High Yield Bonds consistent opportunities to steadily reinvest and capture yields. This offers the Fund the potential opportunity to enhance returns relative to the broader market.

Size of the US high yield market



US high yield universe is over
\$1.8 trillion

Short duration is approximately
1/3rd
of the high yield universe

Source: JP Morgan Credit Strategy Weekly Update, data as at 26 June 2020. Note for illustrative purposes only.

We believe that the key to achieving superior returns in this challenging market is through a disciplined credit selection process. With interest rates, inflation and default risk fluctuating throughout the market cycle, an active portfolio could help to deliver steady, incremental returns.

For investors concerned about market risk, the Fund's flexible approach helps to insulate the portfolio from duration extension risk by increasing the proportion of bonds it holds with maturities of less than three years.



Carl 'Pepper' Whitbeck
Portfolio Manager

“Short duration high yield offers investors a good place to hide. With the high coupon income, you are essentially getting paid to wait in a strategy with a demonstrated long-term history of principal protection.”

Why invest in AXA WF US Short Duration High Yield Bonds?

1 Focus on limiting drawdowns during turbulent markets

The Fund’s performance in market downturns is driven by our disciplined credit selection process which focuses on high-quality bonds and improving high yield companies. Since 2016³, the Fund has had only two quarters with a total return below -1%.

2 Access the US high yield market with an experienced, knowledgeable team

Our dedicated team of US high yield credit specialists have experience working throughout multiple economic and credit cycles, with resources designed to meet the needs of a large, global client base.

3 Minimise default risk in turbulent markets with an active strategy

The table below shows that, since 2017, the AXA WF US Short Duration High Yield Bonds fund has had no defaults⁴, compared with 105⁵ across the US high yield broad market.

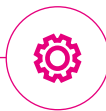
AXA WF US Short Duration High Yield Bonds vs US High Yield Broad Market

Year	2016 ³	2017	2018	2019	2020 YTD ⁸	Total since 2017
Number of defaults						
US High Yield Broad Market ⁵	50	23	25	27	30	105
AXA WF US SDHY Bonds ⁴	--	--	--	--	--	0



29⁶

The number of US fixed income investment professionals at AXA IM.



Zero⁷

The number of defaults in the Fund since 2017, compared with 105 in the broader market.



21⁶

The number of credit specialists and credit analysts covering the US high yield market at AXA IM.

3 The Fund launched on 10 June 2016

4 AXA IM US SDHY Representative Portfolio stream (data prior to March 2004 is based on legacy portfolios managed in the same investment strategy), as at 30 June 2020

5 J.P. Morgan as at 30 June 2020

6 AXA IM as at 31 March 2020. Information about the staff and / or AXA Investment Managers is only informative. We do not guarantee the fact that staff remain employed by AXA Investment Managers or continue to exercise in the teams of AXA Investment Managers.

7 J.P. Morgan as at 30 June 2020. AXA IM US SDHY Representative Portfolio stream (data prior to March 2004 is based on legacy portfolios managed in the same investment strategy), as at 30 June 2020

8 As at 30 June 2020

Key risks - AXA WF US Short Duration High Yield Bonds

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.

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.

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.

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.

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