

**AXA Investment Managers (AXA IM) is a dedicated investment manager within the AXA Group, a world leader in financial protection and wealth management. Our aim is to develop close relationships with our customers and to provide them with outstanding investment solutions backed up with exceptional customer service.**

As a 'multi-expert' investment manager, we aim to offer investment expertise across a broad range of asset classes that few of our competitors can match, but we focus on specific areas within each asset class where we can add real value for our clients.

Our total funds under management now exceed £454 billion. (Source: AXA IM as at 31 December 2013).

## AXA Global High Income Fund

For the Six Months Ended 31 December 2013

### Investment objective and policy

The aim of this Fund is to provide long term, high-yield returns. The Fund aims to deliver long-term high-yield returns by compounding high current income and any capital growth through investing in a broadly diversified portfolio of 'sub-investment grade' bonds. The Fund may also invest in transferable securities, derivatives, cash, deposits, units in collective investment schemes and money market instruments. Use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in the applicable Financial Conduct Authority rules.

### Results

Share Class	Share Type	Price at 31.12.13 (p)	Price at 30.06.13 (p)	Fund Performance	Comparative Benchmark*
Z gross	Acc	178.0	167.1	6.52%	6.28%
Z gross	Inc	111.6	108.4	6.44%	6.28%
Z net	Acc	172.0	162.6	5.78%	6.28%
Z net	Inc	104.3	101.3	5.74%	6.28%
R net	Acc	196.9	186.6	5.52%	6.28%
R net	Inc	92.90	90.17	5.48%	6.28%
R gross	Acc	186.1	175.4	6.10%	6.28%
R gross	Inc	105.1	102.0	6.13%	6.28%
H gross	Acc	184.5	172.9	6.71%	6.28%
H net	Acc	166.8	157.3	6.04%	6.28%

Past performance is not a guide to future returns. Source of all performance data: AXA Investment Managers and Lipper to 31 December 2013. \*Comparative benchmark: BoA Merrill Lynch Global High-Yield Hedged to Sterling Index (gross).

### Review and outlook

The six-month period started well, following a difficult few months. The US Federal Reserve (the Fed) had responded to a seemingly more robust recovery by discussing gradually normalising monetary policy, which caused a sharp bond sell-off. Yield rises and widening of credit spreads, not to mention the US equity market's close to 8% drawdown, indicated how market valuations had become driven by quantitative easing (QE). However, both bond and equity volatility eased at the end of June, so by the end of July the US Treasury Index was the only major bond index to display a negative total return. Treasury yields were 1.00% higher than in May, signalling that the market had priced in tapering. Global high yield saw excess returns, with an increase in fund inflows and a flurry of new issues to the market.

As the period progressed, the continual focus was the shift in the Fed's monetary stance. Investors started considering the medium-term outlook for US interest rates against the backdrop of the economic thresholds discussed by the Fed, and the strength of economic growth. Whilst economic data was not unequivocally confident, growth momentum was clear, and markets widely believed that tapering would begin in the autumn. The global high yield asset class' technical picture in August was more neutral than in July as investment flows were muted and new bond issuance was essentially put

on hold; the global high yield market saw a slight negative return over the month.

September's key macro event was the Fed delaying the reduction of its asset purchase programme, which contradicted market expectations of tapering beginning then and finishing by mid- 2014. The Fed appeared to justify its decision by admitting concerns over financial conditions having tightened significantly since Q2. With global monetary policy remaining super-accommodative, markets were optimistic on global growth. Europe and emerging markets (EM) activity data began to pick up, while inflation largely remained contained. The global high yield market delivered positive excess returns during this more assured technical picture, which was characterised by robust money flows and increased primary market issuance.

Come October, global high yield registered another strong month of performance as the technical picture remained positive; namely favourable financing costs for high yield corporates attracting issuers to the primary market, combined with investors' ongoing search for yield. This backdrop helped secondary market credit spreads to tighten. EM high yield outperformed both US and European high yield over the month. Global high yield continued its strong run into November, again encouraged by much primary market activity. The technical picture regarding Fund flows remained steady, which meant that the secondary market was also active, and resulted in further spread tightening. There was a pick-up in new issues from EM companies, although EM high yield underperformed US and European high yield markets. December marked the year's ninth month of positive performance. A sound technical picture supported the asset class, and Fund flows remained healthy as investors continued their hunt for yield. Bonds thrived as buyers dominated the market seeking opportunities to make their cash work and taking advantage of the busy primary pipeline. EM high yield ended 2013 by outperforming the US and European markets.

The US yield curve has steepened since last summer, with similar moves registered in other government bond markets (the market has become more sensitive to changes in interest rates). If central banks can convince markets that rates will remain low, even if the global growth recovery continues, then short rates should remain very low. Investors could then benefit from the income return from steep yield curves, with credit spreads likely to continue tightening modestly. The evolution of the economic data as 2014 unfolds will be very important. For both credit and high yield

markets, the benign financing environment will likely encourage modest re-leveraging, especially if the macro outlook remains positive. We expect default rates to remain low, leaving credit spreads reasonable, if no longer particularly cheap. With funding markets wide open companies are now able to refinance their debt at significantly lower rates, reducing their interest payments and therefore improving their ability to service their debts. One positive we expect for 2014 is trade sales and IPOs increasing meaningfully, which are typically credit-enhancing and therefore good for bond prices. A significant widening of credit spreads in global markets is unlikely until a combination of higher leverage and higher rates impact on company cash-flow. We continue to refrain from adding risk to the Fund until we see more attractive entry levels.

Global high yield bonds delivered a +6.28% total return (BofA Merrill Lynch Global High Yield Hedged Index) over the six month period, while the Fund delivered +5.52% (R Acc). Our EM underweight was more of a hindrance this second half of the year, having been very beneficial in the first half. EMs have recovered somewhat, but remain a source of volatility for global markets.

The Fund has maintained a broadly index weighting between the European and US high yield markets. We believe both markets are reasonably efficiently priced, and we saw European spreads tighten below those of the US as the European macro situation, particularly in the periphery, was seen to stabilise. This is not comparing like with like, however, as the average European credit quality is much higher than the US. The US overall yield is now meaningfully higher than Europe due to the higher Treasury yield.

As our core strategy, we retain a slight overweight in yield versus the comparative benchmark. We continue to keep volatility below benchmark levels using stock selection and a barbell approach, whereby we allocate a portion of the Fund to our short duration (a measure of price sensitivity to a change in interest rates), lower volatility strategy, to balance an overweight in higher-yielding bonds. The Fund therefore typically has lower duration than the market and hold bonds with a weaker credit rating but shorter maturity.

**James Gledhill**

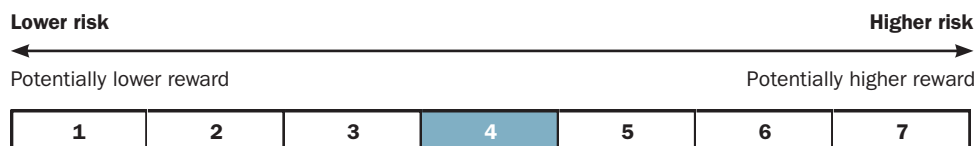
**31 December 2013**

# AXA Global High Income Fund

## For the Six Months Ended 31 December 2013

### Risk and reward profile

By investing in a fund which invests primarily in fixed interest stocks you are likely to be looking for an investment which will generate an income but has less potential for capital return than is the case with funds which invest primarily in equities. You are willing to accept that your investment will fall and rise in value and that you could get back less than you invest. You are aware that investing in a fund which has a global remit can increase risk because of currency movements in return for greater potential reward. However, the Fund is hedged back to Sterling. You are also aware that investing in sub investment grade bonds increases the potential income but also increases risk to your investment. Typically you would be investing for a period of at least five years.



The risk category is calculated using historical performance data and may not be a reliable indicator of the 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 Fund in this category?

The capital of the Fund is not guaranteed. The 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.

#### Additional risks

**Credit Risk:** risk that issuers of debt securities held in the 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 Fund to face difficulties valuating, 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 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 Fund and may result in significant risk of losses.

### FUND FACTS

Lead Fund manager	James Gledhill
Sector	IMA Other Corporate Bond
Comparative Benchmark	BoA ML Global High-Yield Hedged to Sterling Index
Launch date	11 Jan 2008
Find size at 31 Dec 13	£171m
Fund size at 30 Jun 13	£141m
Minimum investments (Lump sum)	R: £1,000 Z: £100,000 H: £20,000,000
Minimum per month	R: £50/ Z&H: N/A
Yield H Acc net/gross	7.00%
Yield R Inc net/gross	5.80%
Yield R Acc net/gross	5.80%
Yield Z Acc net/gross	6.50%
Yield Z Inc net/gross	6.50%
Share types	Inc & Acc
Number of stocks	453
Initial charge	R: 4%/ Z: Nil/ H: 5%
Annual charge	R: 1.25%/ Z: 0.50%/ H: Nil
Ongoing charges	
H Acc net/gross	0.04%
R Inc net/gross	1.29%
R Acc net/gross	1.29%
Z Acc net/gross	0.54%
Z Inc net/gross	0.54%
Accounting dates (int/ann)	31 Dec/ 30 Dec
Distribution dates (income)	28 Feb*, 31 May, 31 Aug, 30 Nov

All data, source: AXA IM as at 31 December 2013. \*or last day in Feb.

### Top five purchases

#### For the six months ended 31 December 2013

Bi-Lo Finance	8.625%	15/09/18
T Mobile	6.5%	15/01/24
General Motors	4.875%	02/10/23
TMX Finance	8.5%	15/09/18
Chino Intermediary	7.75%	01/05/19

### Top five sales

#### For the six months ended 31 December 2013

MagnaChip Semiconductor	10.5%	15/04/18
PHH	6.375%	15/08/21
Provident Funding	10.125%	15/02/19
Southern States	11.25%	15/05/15
YCC	10.25%	15/02/16

# AXA Global High Income Fund

## For the Six Months Ended 31 December 2013

### Five year discrete annual performance

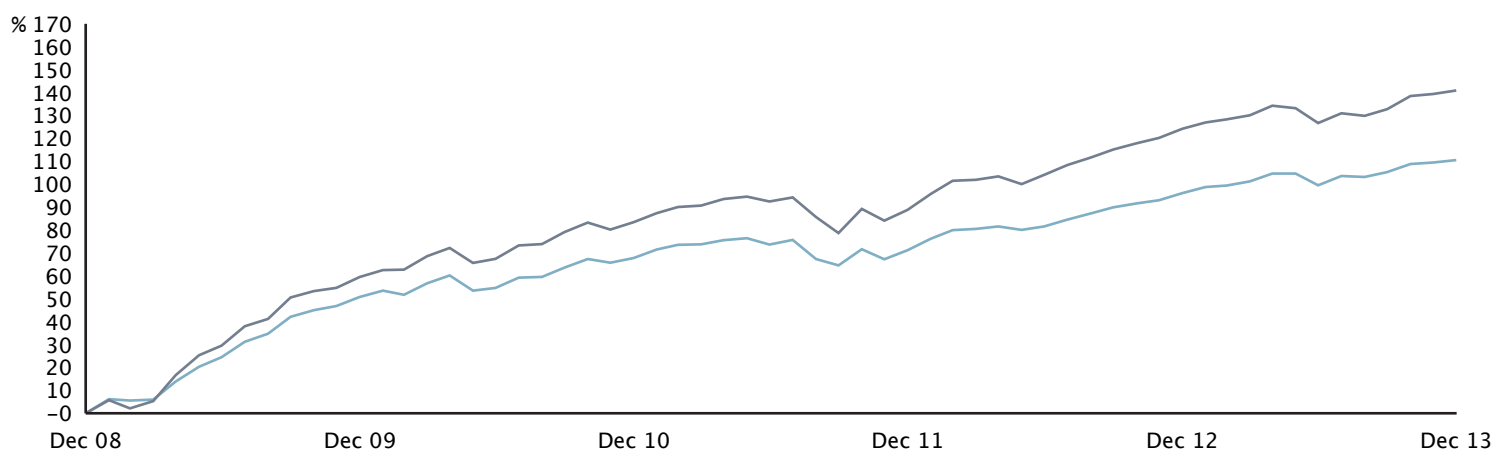
Dec 08 to Dec 09	Dec 09 to Dec 10	Dec 10 to Dec 11	Dec 11 to Dec 12	Dec 12 to Dec 13
+50.76%	+11.27%	+2.04%	+14.55%	+7.36%

Past performance is not a guide to future performance. Source: AXA IM & Lipper Hindsight, mid to mid and assume income is reinvested, in sterling terms to 31 December 2013. Performance refers to AXA Global High Income Fund R Acc net (tax and fees) share class.

### Cumulative Fund performance versus comparative benchmark

as at 31 December 2013

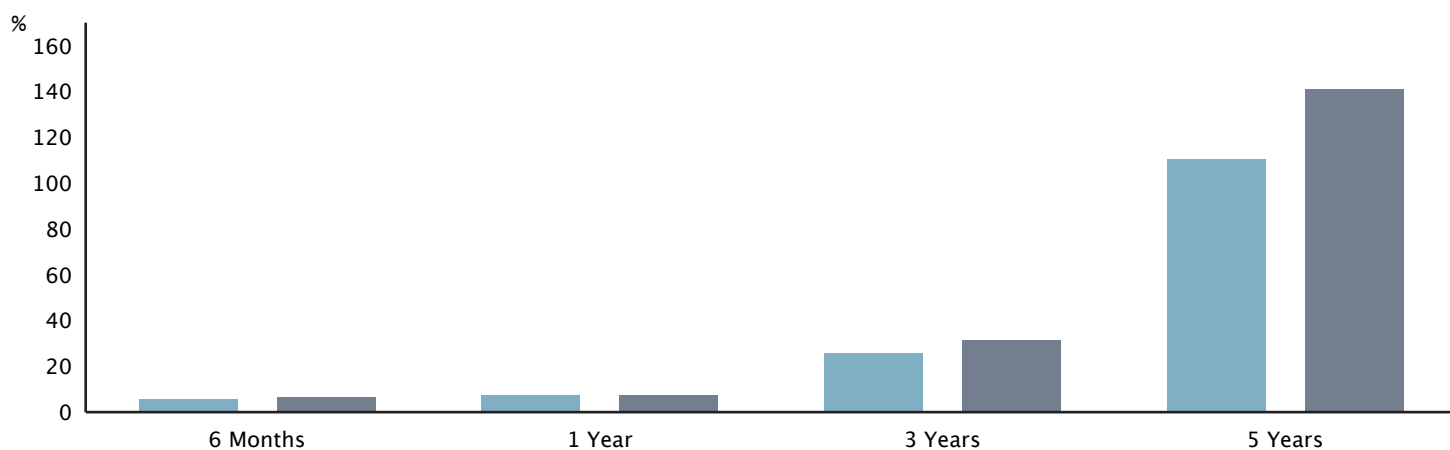
■ AXA Global High Income Fund (Net) ■ BoA Merrill Lynch Global High-Yield Sterling Hedged Index (Gross)



Past performance is not a guide to future performance. Source: AXA IM & Lipper Hindsight, mid to mid, and assume income is reinvested, in sterling terms to 31 December 2013. Performance refers to AXA Global High Income Fund R Acc net (tax and fees) share class.

as at 31 December 2013

■ AXA Global High Income Fund (Net) ■ BoA Merrill Lynch Global High-Yield Sterling Hedged Index (Gross)



Past performance is not a guide to future performance. Source: AXA IM & Lipper Hindsight, mid to mid, and assume income is reinvested, in sterling terms to 31 December 2013. Performance refers to AXA Global High Income Fund R Acc net (tax and fees) share class.

# AXA Global High Income Fund

## For the Six Months Ended 31 December 2013

### Summary of historic prices and distributions

Year	Share class	Share type	Highest share price (pence)	Lowest share price (pence)	Distribution per share (pence)	Share type	Highest share price (pence)	Lowest share price (pence)	Distribution per share (pence)
2013*+	H	Acc (net)	166.8	153.8	9.280	Acc (gross)	184.5	167.7	12.69
2013*+	R	Inc (net)	93.31	89.19	4.346	Inc (gross)	105.4	100.6	6.153
2013*+	R	Acc (net)	196.9	183.4	9.041	Acc (gross)	186.1	171.2	10.64
2013*+	Z	Inc (net)	104.7	100.0	5.494	Inc (gross)	111.9	106.7	7.342
2013*+	Z	Acc (net)	172.0	159.3	8.926	Acc (gross)	178.0	162.7	11.41
2012	H	Acc (net)	153.8	133.1	8.660	Acc (gross)	167.8	143.1	11.68
2012	R	Inc (net)	90.89	82.47	4.374	Inc (gross)	102.8	93.04	6.148
2012	R	Acc (net)	183.4	160.3	8.667	Acc (gross)	171.3	147.9	10.00
2012	Z	Inc (net)	102.1	92.52	5.423	Inc (gross)	109.2	99.00	7.377
2012	Z	Acc (net)	159.4	138.5	8.295	Acc (gross)	162.6	139.5	10.56
2011	H	Acc (net)	136.3	124.4	8.269	Acc (gross)	145.2	133.3	10.98
2011	R	Inc (net)	88.43	78.28	4.466	Inc (gross)	100.0	88.33	6.289
2011	R	Acc (net)	165.2	150.2	8.398	Acc (gross)	151.1	138.1	9.616
2011	Z	Inc (net)	99.26	87.84	5.407	Inc (gross)	106.0	94.00	6.733
2011	Z	Acc (net)	142.5	129.8	8.184	Acc (gross)	142.1	130.1	9.840
2010	H	Acc (net)	129.5	114.0	8.830	Acc (gross)	136.7	118.8	11.52
2010	R	Inc (net)	86.84	80.51	5.310	Inc (gross)	98.12	90.83	7.394
2010	R	Acc (net)	157.8	139.9	9.355	Acc (gross)	143.3	125.5	10.50
2010	Z	Inc (net)	97.51	90.43	6.353	Inc (gross)	104.1	96.40	8.339
2010	Z	Acc (net)	135.2	119.5	8.888	Acc (gross)	134.4	117.2	10.62
2009	H	Acc (net)	114.7	75.80	7.228	Acc (gross)	119.4	77.52	9.225
2009	R	Inc (net)	82.67	58.17	4.668	Inc (gross)	93.50	65.45	6.552
2009	R	Acc (net)	141.0	94.11	7.749	Acc (gross)	126.3	82.92	8.591
2009	Z	Inc (net)	92.97	65.34	5.552	Inc (gross)	99.42	69.49	7.642
2009	Z	Acc (net)	120.3	80.03	6.986	Acc (gross)	117.9	76.98	8.539

Highest offer and lowest bid price quoted at anytime in the calendar year and \* to 31 December 2013. + Distribution paid 28 February 2014.

### Net asset value record

Share class	Share type	Net Asset Value as at 31 December 2013 (pence)	Net Asset Value as at 30 June 2013 (pence)	Share type	Net Asset Value as at 31 December 2013 (pence)	Net Asset Value as at 30 June 2013 (pence)
H	Acc (net)	166.1	156.5	Acc (gross)	183.8	172.0
R	Inc (net)	91.46	88.57	Inc (gross)	103.2	99.93
R	Acc (net)	196.1	185.7	Acc (gross)	185.3	174.5
Z	Inc (net)	102.6	99.35	Inc (gross)	109.4	106.0
Z	Acc (net)	171.3	161.7	Acc (gross)	177.3	166.3

Please note, that the NAV prices shown above are different from the results prices as at 31.12.13. The differences are due to the fund performance tables taking the quoted valuation prices on the last day of the period, whereas the NAV table above is showing prices including any accounting adjustments at the end of the period (for example, moving the portfolio from mid to bid). Basis: mid to mid.

# AXA Global High Income Fund

## For the Six Months Ended 31 December 2013

### Top ten holdings as at 31 December 2013

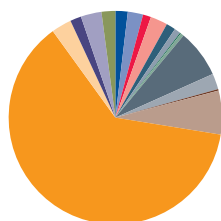
Company	Sector	%
FMG Resources 8.25% 01/11/19	Australian Bonds	0.71
Sitel Finance 11.5% 01/04/18	United States Bonds	0.71
Ace Cash Express 11% 01/02/19	United States Bonds	0.68
DynCorp 10.375% 01/07/17	United States Bonds	0.60
Mcgraw Hill 9.75% 01/04/21	United States Bonds	0.58
Ahern Rentals 9.5% 15/06/18	United States Bonds	0.57
Whiting Petroleum 5.75% 15/03/21	United States Bonds	0.57
MGM Resorts International 11.375% 01/03/18	United States Bonds	0.55
SRA 11% 01/10/19	United States Bonds	0.54
T Mobile 6.5% 15/01/24	United States Bonds	0.54

### Top ten holdings as at 30 June 2013

Company	Sector	%
DynCorp 10.375% 01/07/17	United States Bonds	0.78
Ace Cash Express 11% 01/02/19	United States Bonds	0.77
VPIL Escrow 7.5% 15/07/21	Canadian Bonds	0.75
Sitel Finance 11.5% 01/04/18	United States Bonds	0.72
AMC Entertainment 9.75% SNR Notes 01/12/20	United States Bonds	0.70
MGM Resorts International 11.375% 01/03/18	United States Bonds	0.67
Nord Anglia Education 10.25% 01/04/17	United Kingdom Bonds	0.67
Ahern Rentals 9.5% 15/06/18	United States Bonds	0.62
Sequa 7% 15/12/17	United States Bonds	0.60
Reynolds 9.875% 15/08/19	United States Bonds	0.60

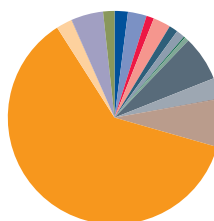
### Portfolio breakdown

#### As at 31 December 2013



Sector	%
Australia	1.87
Canada	2.32
Cayman Island	1.22
France	2.61
Germany	1.41
Ireland	0.94
Japan	0.16
Liberia	0.50
Luxembourg	7.27
Netherlands	2.39
Sweden	0.23
United Kingdom	6.63
United States	62.48
Other European Geographic*	3.06
Forward Currency Contracts	1.68
Cash	3.14
Other	2.09

#### As at 30 June 2013



Sector	%
Australia	2.02
Canada	2.84
Cayman Island	1.15
France	2.65
Germany	1.32
Ireland	1.31
Japan	0.20
Liberia	0.67
Luxembourg	6.83
Netherlands	3.16
Sweden	0.07
United Kingdom	7.22
United States	61.52
Other European Geographic*	2.44
Forward Currency Contracts	0.03
Cash	4.85
Other	1.72

All data, source: AXA Investment Managers unless otherwise stated. \* Includes Austria, Belgium, Bulgaria, Croatia, Finland, Hungary, Italy, Jersey, Portugal, Spain & Switzerland

# AXA Global High Income Fund

## For the Six Months Ended 31 December 2013

### Authorised Corporate Director

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### Legal adviser

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### Depositary

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*Authorised and regulated by the Financial Conduct Authority.*

### Independent auditors

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SE1 2RT

### Fund accounting administrator

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London E14 5HJ

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**For more information on any AXA IM Fund please contact us via our website or telephone number below.**

Copies of the latest Report and Accounts (long form) and Prospectus are available free of charge from the administration office: PO Box 10908, Chelmsford, CM99 2UT.

Telephone calls may be recorded or monitored for quality assurance purposes.

# 0845 777 5511

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

## ADDITIONAL INFORMATION

### Report and accounts

The purpose of sending this Short Report for the Fund is to give you a summary of how the Fund has performed during the accounting period in accordance with the Collective Investment Schemes Sourcebook (COLL) Rules. If you would like any additional information about the Fund you can request a copy of the more detailed long form accounts for the Fund. For a copy of this, please contact our dedicated customer services team on 0845 777 5511.

### Other information

The Fund is a sub-fund of the AXA Fixed Interest Investment Company ICVC which is an open ended investment company authorised by the FCA, and has a UCITS certificate. The Company is managed in accordance with the FCA Collective Investment Schemes Sourcebook (COLL). AXA Investment Managers UK Limited has made changes to the Prospectus and the Instrument of Incorporation of the OEICs to reflect the requirements of the Open-Ended Investment Companies (Amendment) Regulations 2011 and the FCA's COLL Rules for the AXA Fixed Interest Investment ICVC, in order to adopt protected cell status. This will have the effect of ensuring that the liabilities of each sub fund in the OEIC are protected from each other. This change was made on 31 December 2013 and has no effect on your investment in the Fund. This note is for your information only.

### European Savings Directive

Under the European Savings Directive, information is collected about the payment of savings income to non-UK residents. The Fund falls within the 25% debt investment reporting threshold. This means that details of all income distributions and redemption proceeds paid to non UK investors will be reported by AXA Investment Managers to HM Revenue & Customs to be exchanged with the relevant tax authorities.

**0845 777 5511**

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

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