

FIXED INCOME

AXA Sterling Credit Short Duration Bond Fund Z (G)

GBP



NICOLAS TRINDADE, CFA

Senior Portfolio Manager

Joined July 2006

Nicolas TRINDADE joined AXA IM in 2006 and is a Senior Portfolio Manager within the Active Sterling Credit team. Nicolas is the lead Portfolio Manager of the AXA Sterling Credit Short Duration Bond Fund, AXA Global Short Duration Bond Fund and AXA WF Global Credit Bonds. In addition to his portfolio management responsibilities, Nicolas covers the Financials sector within the "Portfolio Manager Analyst" credit research organisation.

He holds an MSc in Diplomacy and International Strategy from the LSE as well as a Master's Degree in IT Engineering from Telecom SudParis. Nicolas is a CFA Charterholder.

Objective

The aim of the Fund is to provide income combined with any capital growth.

Fund manager's commentary

Main changes to the portfolio during January

We were active in January, investing across a range of names and sectors in order to keep the Fund in line with our active strategies, with a bias towards low-beta names and defensive sectors. Sterling investment grade primary issuance increased to £5 billion in January, with supply coming primarily from financials. As such, we participated in the new issues from French banks BPCE and BFCM, US bank Citigroup and UK building society Nationwide, the latter being a new addition to the Fund. We were also active in the secondary market (existing debt traded between investors), buying bonds from Portuguese utility EDP and Gatwick airport, both being also new additions to the Fund.

Factors affecting performance during January

In an abrupt reversal from December, credit spreads (the difference in yield between corporate bonds and their equivalent government-issued bonds) sharply tightened in January on the back of dovish (monetary policy that promotes lower interest rates) rhetoric from the US Federal Reserve (Fed) and the European Central Bank (ECB), improving US-China relations, Chinese stimulus, limited supply and robust corporate earnings. The Fed kept interest rates on hold and removed mention of further rate rises from the accompanying statement, while the ECB decided to also keep interest rates unchanged but acknowledged the deterioration in macroeconomic data by shifting the balance of risk on growth to negative. Gilt yields fell in January due to the dovish rhetoric from the Fed and ECB, and increased risk of a 'no-deal' Brexit, as UK parliament mandated Prime Minister Theresa May's government to try and renegotiate the contentious backstop to avoid a hard border between Northern Ireland and the Republic of Ireland.

Current market influences and outlook

Despite 2018 being only the second year in the last 20 years in which the broad sterling credit market recorded a loss for the full year, the value proposition in the sterling credit market remains limited. This is in light of further withdrawals of liquidity by the Fed and ECB, fears of slowing global economic growth, continuing trade tensions, increased risk of a 'no-deal' Brexit and renewed political risk in the European periphery (non-core). The sharp increase in the number of negative 'idiosyncratic' events last year was more than just 'noise' and should continue as it is directly linked to the gradual tightening of monetary conditions, leading to an outlook of higher volatility and sharper asset repricing. Given this backdrop, we maintain a defensive bias to allow us to benefit from potential pockets of weaknesses ahead.

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

	%
ENEL SPA 6.25% 06/20/2019	1.3
ESB FINANCE LTD 6.5% 03/05/2020	1.3
G4S PLC 7.75% 05/13/2019	1.3
AUTOSTRADA PER L'ITALIA SPA 6.25% 06/09/2022	1.3
FIDELITY NATIONAL INFORM SERV 1.7% 06/30/2022	1.2
DEUTSCHE TELEKOM INTL FINANCE 6.5% 04/08/2022	1.1
BAE SYSTEMS PLC 4.125% 06/08/2022	1.0
GREAT ROLLING STOCK CO PLC 6.25% 07/27/2020	1.0
AAREAL BANK AG 1.5% 06/16/2022	1.0
REED ELSEVIER INVESTMENTS PLC 2.75% 08/01/2019	1.0
Total*	11.7
Total number of holdings	205

* 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.

AXA Sterling Credit Short Duration Bond Fund Z (G) GBP

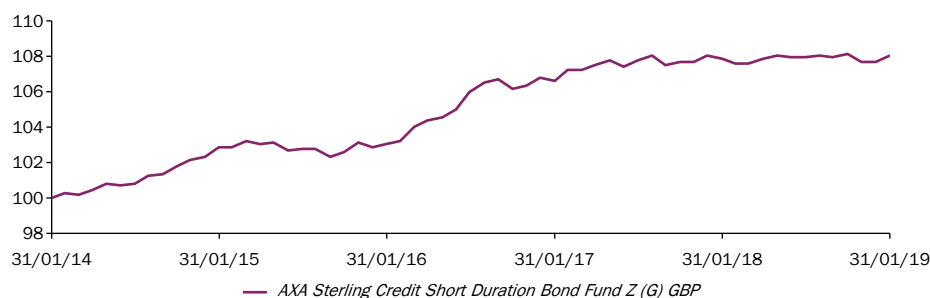
Discrete performance over 12 month periods to latest quarter end (%)

	31/12/13	31/12/14	31/12/15	31/12/16	31/12/17
	- 31/12/14	- 31/12/15	- 31/12/16	- 31/12/17	- 31/12/18
AXA Sterling Credit Short Duration Bond Fund Z (G) GBP	2.9	0.5	3.8	1.2	-0.3

Cumulative performance

	Fund (%)
6 M.	0.1
Year to date	0.3
1 Y.	0.2
3 Y.	4.9
5 Y.	8.0

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. Source: AXA Investment Managers and Morningstar. Investments in security-orientated funds should normally be viewed as medium- to long-term investments.

Asset Class Allocation

	%
Sterling Corporate Bonds	85.84
Non Sterling Corporate Bonds	9.27
Cash	4.89

Ratings allocation of bond portfolio

	%
AAA	6.14
AA	15.89
A	27.38
BBB	48.23
BB	1.35
NR	1.01

Sources: AXA Investment Managers UK Limited and Morningstar. Unless otherwise stated all data shown is at 31/01/2019.

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	£805.9m
Underlying Yield*	1.52%
Yield to Worst**	1.20%
Launch date	12/11/10
IA Sector	£ Corporate Bond
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	0.41%
Min initial investment	£100,000
Min subsequent investment	£5,000
ISA status	No

Fund codes

Sedol	accumulation	B5L2N22
	income	B5VL0B7
ISIN	accumulation	GB00B5L2N222
	income	GB00B5VL0B78
MEX	accumulation	ELHORT
	income	ELDURA

Income payments

Accounting	Final	30 June
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	2.18	
2015	1.95	
2016	1.73	
2017	1.47	
2018	1.43	