

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.

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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 May

May has been characterised by robust primary issuance and more limited secondary (existing debt traded between investors) activity in the market. We took part in new issues, including Allied Universal (security services), Boyd (gaming), Nielsen (technology, and SRS Distribution (building materials). These were funded from cash on hand and a range of smaller sales of typically shorter duration (a measure of the sensitivity of a bond's price to a change of interest rates) bonds.

Factors affecting performance during May

The global high yield market credit spreads (yield premium over the relevant government bond) were essentially flat on the month leaving returns driven by carry (income). Europe and the US had similar returns while emerging markets were the standout component, returning 0.98%. Confidence in the global economic recovery remains strong, with the continued vaccine roll-out progress arguably dampening sensitivity to COVID-19 news.

The high yield market's run of primary issuance (companies issuing new debt) continued at a steady pace through the month; \$48.8bn was priced in the US and €9.9bn in Europe. These numbers were slightly down on the previous month but still robust. Looking at ratings, the lower-rated corporates - single Bs and CCCs - continued to outperform the BB rated companies. Looking at sectors, the worst performing sectors were healthcare, as last month, and technology, while the best performing ones were transportation and energy, as last month also.

The ICE BofAML Global High Yield Total Return Index returned +0.42% over the month (US dollars hedged) while excess returns settled at +0.23%.

Current market influences and outlook

The world is recovering from a massive shock that caused its economy to stall for the best part of a year. Now growth is accelerating as pent-up demand and policy stimulus come together. With that comes a recovery in corporate earnings which is obviously positive for the credit element of high yield. Default rates have been low throughout 2021, and we are now beginning to lap the defaults of mid-2020 so 12-month rates will fall sharply.

This positive outlook is priced into high yield allowing for a slight nod in the direction of variant risk and the reality that it seems likely we will live with COVID-19 globally for many years. Outside of international travel, where unlocking is relatively slow, most industries are reviving well.

Rather than credit/default risk, attention is fully focused on inflation. After the sell-off at the beginning of the year government bonds have been more stable but the inflation argument will be fought over many more months. While high yield is relatively immune to modest moves in interest rates, a big sell off would have consequences for risk assets generally. We believe that spreads have further to tighten but the upside is limited. Expected returns are certainly lower but the risk has dropped considerably, and investors are once more searching for yield which will push spreads tighter. Currently, the risk, even to high yield, is more a macro 'risk-off' trade than micro credit events.

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

	%
SOLERA LLC / SOLERA FINANCE INC 10.5% 03/01/2024	1.0
ASCEND LEARNING LLC 6.875% 08/01/2025	0.9
CAMELOT FINANCE SA 4.5% 11/01/2026	0.8
BWAY HOLDING CO 7.25% 04/15/2025	0.8
AXA WF ASIAN HIGH YIELD BONDS	0.8
GETTY IMAGES INC 9.75% 03/01/2027	0.7
DELL INTERNATIONAL EMC CORP 7.125% 06/15/2024	0.7
WATCO COS LLC / WATCO FINANCE 6.5% 06/15/2027	0.7
DELEK LOGISTICS FINANCE CORP 6.75% 05/15/2025	0.7
KENAN ADVANTAGE GROUP INC 7.875% 07/31/2023	0.7
Total*	7.8
Total number of holdings	437

* 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.

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

	31/03/16	31/03/17	31/03/18	31/03/19	31/03/20
	- 31/03/17	- 31/03/18	- 31/03/19	- 31/03/20	- 31/03/21
AXA Global High Income Fund Z (G) GBP	15.8	3.0	2.9	-9.1	22.6

Cumulative performance

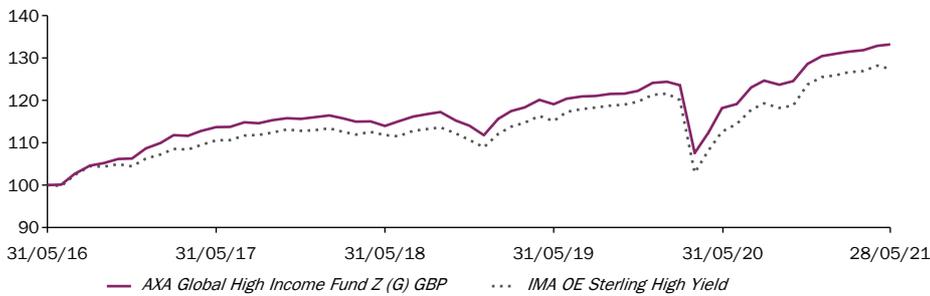
	Fund (%)	Benchmark* (%)	Sector median (%)	Ranking	Quartile
6 M.	3.6	3.9	3.5	19/37	2
Year to date	2.1	2.1	2.3	24/38	3
1 Y.	12.7	14.5	13.4	22/37	3
3 Y.	16.9	17.8	15.2	9/34	2
5 Y.	33.2	33.8	28.5	6/30	1

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

Asset Class	Allocation (%)
Non Sterling Corporate Bonds	91.45
Cash	4.89
Sterling Corporate Bonds	2.69
Others	0.94
Non Sterling Government Bonds	0.01

Ratings allocation of bond portfolio

Ratings	Allocation (%)
BBB	0.51
BB	29.50
B	46.97
CCC	22.46
NR	0.55

Sources: AXA Investment Managers UK Limited and Morningstar. Unless otherwise stated all data shown is at 28/05/2021.

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	£136.6m
Underlying Yield*	4.70%
Yield to Worst**	4.06%
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	0.55%
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 Ref Dates	Final	30 Jun
Distributions	Interim	30 Sep, 31 Dec, 31 Mar
	Final	31 Aug
Calendar year	Interim	30 Nov, 28 Feb, 31 May
		Net income (p)
2016		7.37
2017		5.64
2018		5.28
2019		5.35
2020		4.77