

## FIXED INCOME

# AXA WF Emerging Markets Short Duration Bonds E (H) EUR

## Fund manager's report

### Key points

Markets across the globe were roiled as the coronavirus spread and concerns about the economic fallout increased. The AXA WF Emerging Markets Short Duration Bond Fund ('The Fund') returned -0.93%. The Fund adjusted its holdings via both the primary and secondary markets. Asset class inflows slowed in February but still boast a healthy +\$11.2 billion year-to-date.

### Market snapshot

Markets across the globe were roiled as the coronavirus spread and concerns about the economic fallout increased. US treasuries hit new lows and stock markets witnessed some of the biggest one-week losses since the 2008 crisis. The US senate acquitted President Trump, ending his impeachment trial.

The benchmark JP Morgan Hard Currency Sovereign Index posted a return of -0.97%, while the JP Morgan Hard Currency Corporate Index returned -0.01%. Asset class inflows slowed in February but still boast a healthy +\$11.2 billion year-to-date.

The US sanctioned a Rosneft unit over Venezuelan oil ties. Russia cut rates again and left the door open for further cuts in the future. Elsewhere, Turkey cut rates by 50 basis points (bps) as expected, while Kazakhstan left rates unchanged. In a surprise move to markets, the Czech Republic's central bank hiked rates by 25bps. Ukrainian President Zelensky dismissed his chief of staff, replacing him with Andriy Yermak. Fitch affirmed Qatar's rating, Moody's downgraded Lebanon and S&P downgraded Zambia but revised Hungary to positive. Argentina's Guzman said that Argentina can't service bond interest "for too long" and payments would deplete reserves. The IMF followed with a statement that they now assess Argentina's debt to be unsustainable, requiring a meaningful contribution from private creditors to restore debt sustainability. Central banks in the region were mixed, with Peru leaving rates unchanged. Mexico cut rates, as did Brazil who suggested a pause going forward. Moody's downgraded Ecuador to Caa1 but revised the outlook to stable. China reacted to the coronavirus outbreak by cutting rates and injecting liquidity, and also postponed their annual legislative meetings. Central banks reacted across the region with Thailand, Philippines and Indonesia all cutting rates. India left their rates unchanged but announced measures for effective monetary policy transmission. In an unexpected move, the Malaysian prime minister resigned. In terms of ratings, S&P affirmed India, Moody's affirmed Indonesia and Fitch affirmed the Philippines and revised its outlook to positive.

### Fund activity

The Fund participated in the primary market and switched its existing holdings in Israel as well as adding to its corporate holdings in Turkey, Russia and Brazil. We maintained our investments in hard currency bonds and are unlikely to add any FX risk.

### Fund performance

The Fund returned -0.93% in February, with all parts of the portfolio contributing to performance.

### Outlook

The outbreak of the coronavirus has taken centre stage as markets try to extrapolate both the true extent and economic impact of the virus. Markets are readjusting to headlines very swiftly as they start to price in developed central banks altering their policies accordingly as a result. We remain cognisant of macro headlines as well as heightened geopolitical issues and try to remain disciplined in the names in which we invest. We believe that differentiation and credit fundamentals remain crucial to stock selection.

### Risk factors

The Fund is subject to risks associated with all fixed income securities, including but not limited to interest rate risk and credit risk. The Fund may be exposed to specific risks, such as derivatives risk and leverage, risk of global investments, risk linked to high yield debt securities and risk linked to investments in emerging markets. Investors should refer to the Fund Prospectus for a detailed description of risk considerations.

\* 1st NAV date: 05/09/2012

\*\* Benchmark : Please refer to the Benchmark section in the characteristics/disclaimers part of the document.

Source(s): AXA Investment Managers as at 28/02/2020

Editor: AXA Investment Managers Paris

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**AXA WF Emerging Markets Short Duration Bonds E (H)  
EUR****Performance evolution (in EUR)****Annualized performance**

	1 Y.	3 Y.	5 Y.	8 Y.	Launch
Portfolio*	2.60%	0.61%	1.46%	-	1.63%
Benchmark**	-	-	-	-	-

**Cumulative performance**

	1 M.	3 M.	YTD	1 Y.	3 Y.	5 Y.	8 Y.	Launch
Portfolio*	-1.22%	0.52%	-0.18%	2.60%	1.85%	7.53%	-	12.87%
Benchmark**	-	-	-	-	-	-	-	-

*The figures provided relate to previous months or years and past performance is not a reliable indicator as to future performance.*

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## Objective and investment strategy

The Sub-Fund's investment objective is to seek performance, in USD, by investing mainly in short duration debt securities issued in the emerging 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.

## Benchmark

Nil

## Risk characteristics

**Recommended Investment Time Horizon :** This Sub-Fund may not be suitable for investors who plan to withdraw their contribution within 3 years.

Lower risk ← → Higher risk  
Potentially lower reward Potentially higher reward

1	2	3	4	5	6	7
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The risk category is calculated using historical performance data and may not be a reliable indicator of the Sub-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 Sub-Fund in this category?**

The capital of the Sub-Fund is not guaranteed. The Sub-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.

**Significant risks not taken account by the risk indicator**

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. Geopolitical Risk: investments in securities issued or listed in different countries may imply the application of different standards and regulations. Investments may be affected by movements of foreign exchange rates, changes in laws or restrictions applicable to such investments, changes in exchange control regulations or price volatility. 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. 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. 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.

## General characteristics

Legal form	SICAV
Legal country	Luxembourg
Launch date	06/09/12
Fund currency	USD
Shareclass currency	EUR
Valuation	Daily
Share type	Accumulation
ISIN code	LU0800573007
Ongoing charges	1.52%
Financial management fee*	1%
Maximum management fees	1%
Maximum distribution fees	0.25%
Management company	AXA Funds Management SA (Luxembourg)
(Sub) Financial delegation	AXA Investment Managers UK Limited
Delegation of account administration	State Street Bank Luxembourg S.C.A
Custodian	State Street Bank Luxembourg S.C.A

\*The fund may incur other costs, fees and administrative expenses (see prospectus).

## 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.

## Disclaimers

Reporting is based on accounting data. In the event of significant subscription/redemption flows, or of significant securities sales/purchases close to month's end, accounting entries may differ from the economic exposure of the portfolio. This discrepancy is due to the time lag between the trade date, and the settlement date, when the recognition of subscription/redemption flows or the purchase and sale of securities take place.

Performance calculations are net of management or distribution fees. Performance are shown as annual performance (365 days). Performance calculations are based on the reinvestment dividend.

Risk Ratios are calculated from gross performances

Geographical breakdown - Investments will be classified to match that of the index or by their principle country of investment, this may be different to the legal country of incorporation. This breakdown excludes cash.

The fund is registered for public distribution in Luxembourg. Please check the countries of registration with the asset manager, or on the web site [www.axa-im-international.com](http://www.axa-im-international.com), where a fund registration map is available.

The tax treatment relating to the holding, acquisition or disposal of shares or units in the fund depend on each investor's tax status or treatment and may be subject to change. Any potential investor is strongly encouraged to seek advice from its own tax advisors.

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Depending on the investment strategy used the information contained herein may be more detailed than the information disclosed in the prospectus. Any such information (i) does not constitute a representation or undertaking on the part of the investment manager; (ii) is subjective and (iii) may be modified at any time within the limits provided in the fund prospectus.

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AXA Investment Managers Paris, a company incorporated under the laws of France, having its registered office located at Tour Majunga, 6, Place de la Pyramide 92908 Paris - La Défense cedex – France, registered with the Nanterre Trade and Companies Register under number 353 534 506, a Portfolio Management Company, holder of COB approval no. GP 92-08, issued on 7 April 1992.

AXA Funds Management, a société anonyme organized under the laws of Luxembourg with the Luxembourg Register Number B 32 223RC, and whose registered office is located at 49, Avenue J.F. Kennedy L-1885 Luxembourg

AXA WORLD FUNDS 's registered office is 49, avenue J.F Kennedy L-1885 Luxembourg. The Company is registered under the number B. 63.116 at the "Registre de Commerce et des Sociétés" The Company is a Luxembourg SICAV UCITS IV approved by the CSSF.

### For your information

Regulatory documents are available on demand

AXA Investment Managers Paris  
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