Investment Managers

Not for Retail distribution: This document is intended exclusively for Professional, Institutional or Qualified Clients / Investors only,as defined by applicable local laws and regulation. Circulation must be restricted accordingly.
This document is intended exclusively for the sole use of [name of Eligible PRC Investor*] only. It is strictly private and confidential. Any reproduction of this information, in whole or in part, is prohibited.

January 2021

Global Strategic Bonds
Reasons for optimism in 2021

Strategy update

AXA WF Global Strategic Bonds increased its momentum in 2020 with a healthy total return of +6.70%.This backed-a total return of +9.55% in 2019 – the strongest calendar year return since the fund's launch. Furthermore, since its inception, the fund has returned +49.72% (+4.78% annualised) with a volatility of just 3.29%.*

We believe that, despite the imminent challenges faced by the global economy from the continued effects of lockdowns and weak fundamentals, there are certainly factors that allow us to look at prospects in the bond market with a renewed but cautious sense of optimism heading into 2021.

Reasons for optimism

1

Central banks are here to stay

In many ways, 2020 was defined by the extraordinary innovation and commitment of central banks to rolling out vast monetary stimulus packages, which curbed the market turmoil witnessed in mid to late March and initiated a powerful and broad-based recovery that has given companies the confidence to issue record-breaking amounts of debt and investors the confidence to purchase it! Given the scale of the damage to the global economy in 2020, central banks will need to keep interest rates at their current historic low levels in order to continue these programmes into 2021 and beyond if the recovery is to be meaningful and long-lasting, not least because lockdowns persist in many regions and the pathway to mass vaccination remains unclear. This should see government bond yields continue to trade in a tight range, giving us confidence that high quality duration remains an important bedrock of a diversified portfolio.

2

The taming of the flu

That said, the fact that we do now have the positive news of several vaccines (Pfizer/Biontech, Moderna and AstraZeneca), which have already been approved in some countries, is cause for great optimism. In the UK, the second person to receive the vaccine happened to be called William Shakespeare – perhaps a subtle reminder that there are many twists and turns yet to be had in this particular plot as attentions turn to vaccine acquisition and rollout. Nevertheless, we remain optimistic that 2021 should herald the gradual re-opening of many sectors which have suffered greatly as a result of lockdowns. This should benefit credit markets and risk assets generally, as economic activity picks up and people begin to travel once more.

3

A market for the active stock pickers

Such was the nature of the economic downturn in March 2020 that much of credit, high yield and emerging markets quickly became very cheap, meaning that investors were able to benefit from a broad-based market rally following central bank stimulus. Arguably, in this sense, owning market beta in the right areas was enough to generate decent returns since April 2020. However, we think next year could bring about a greater differentiation between the "winners" and the "losers" as the recovery moves into its next stage. Indeed, there are still selective credit opportunities that look "cheap" and should continue to recover. Other opportunities look cheap and will stay cheap, or, in some cases, default. Meanwhile, other parts of the market now look very expensive and the ability for them to rally further seems unlikely. Portfolio managers therefore need to be more adept than ever at finding the right opportunities. Our active and fundamentally-driven approach to credit selection is well suited to this environment, allowing us to pick the names we feel are attractively valued and stand least chance of default. Here, we very much benefit from the ideas of local experts based across different markets. Heading into 2021, we feel particularly constructive on US and Asian high yield, where we have been gradually adding – and will continue to add – to select opportunities.

4

Emphasis on ESG integration to take on new dimensions

We believe that 2021 will bring about a marked change in the way investors look at ESG integration within fixed income portfolios. No longer will it be just about screening out certain sectors and having a scoring methodology, but more focus will come onto the positive impact that ESG optimisation can have both for financial returns and broader society, particularly as we transition to a post-coronavirus environment. We are well placed to go further in our adoption of ESG factors – from our fundamental research through to our expertise in green bonds – a universe that we think will expand exponentially in the coming years. We will also seek to embed an ESG "KPI" into our day-to-day management of the fund, meaning that the balance between financial and non-financial criteria in the investment decision-making process should be more equal than ever.

5

Constant approach for a changing world

Our strategy now enters its ninth full calendar year since inception. Over those years, our simple and transparent investment framework, which is founded on three distinct "risk buckets" (Defensive, Intermediate and Aggressive), has proven that structural diversification across different fixed income risk factors can generate attractive risk-adjusted returns over an economic cycle. Although our approach may have remained constant, the world around us has certainly changed a great deal, and indeed the post-coronavirus landscape will most certainly look very different again to the one we had become accustomed in heading into 2020. This is why we believe very strongly that the best way to navigate through a volatile and uncertain outlook is not to massively re-allocate from one day to the next, or take significant bets on one particular part of our universe in the hope that we strike gold. Rather, our focus is on maintaining a portfolio that is robust and diversified across different fixed income asset classes, whilst tactically using our broad flexibility and leeways to position for shorter-term market moves.

* Performance is calculated for the I USD share class, net of management fees (50bps). Past performance is not a reliable guide to current or future performance. Not all share classes are available in every jurisdiction. Investors should check availability with their Adviser. Data as at 31 December 2020. AXA WF Global Strategic Bonds launched on 11 May 2012.

Fund Risks

All investment involves risk and capital is not guaranteed. AXA WF Global Strategic Bonds is invested in financial markets and uses techniques and instruments which are subject to sudden and significant variation, which may result in substantial gains or losses.
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.
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.
Operational Risk: risk that operational processes, including those related to the safekeeping of assets may fail, resulting in losses.
Liquidity Risk: risk of low liquidity level in certain market conditions that might lead the fund to face difficulties valuing, purchasing or selling all/part of its assets and resulting in potential impact on its 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 fund and may result in significant risk of losses.

Further explanation of the risks associated with an investment in this fund can be found in the prospectus

This promotional communication does not constitute on the part of AXA Investment Managers a solicitation or investment, legal or tax advice. This material does not contain sufficient information to support an investment decision.
Due to its simplification, this document is partial and opinions, estimates and forecasts herein are subjective and subject to change without notice. There is no guarantee forecasts made will come to pass. Data, figures, declarations, analysis, predictions and other information in this document is provided based on our state of knowledge at the time of creation of this document. Whilst every care is taken, no representation or warranty (including liability towards third parties), express or implied, is made as to the accuracy, reliability or completeness of the information contained herein. Reliance upon information in this material is at the sole discretion of the recipient. Before making an investment, investors should read the relevant Prospectus and the Key Investor Information Document / scheme documents, which provide full product details including investment charges and risks. The information contained herein is not a substitute for those documents or for professional external advice.
The products or strategies discussed in this document may not be registered nor available in your jurisdiction. Please check the countries of registration with the asset manager, or on the web site https://www.axa-im.com/en/registration-map, where a fund registration map is available. In particular units of the funds may not be offered, sold or delivered to U.S. Persons within the meaning of Regulation S of the U.S. Securities Act of 1933. The tax treatment relating to the holding, acquisition or disposal of shares or units in the fund depends 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.
AXA WF Global Strategic Bonds is a sub-fund of AXA World Funds. 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 and managed by 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.
Past performance is not a guide to current or future performance, and any performance or return data displayed does not take into account commissions and costs incurred when issuing or redeeming units. References to league tables and awards are not an indicator of future performance or places in league tables or awards and should not be construed as an endorsement of any AXA IM company or their products or services. Please refer to the websites of the sponsors/issuers for information regarding the criteria on which the awards/ratings are based. The value of investments, and the income from them, can fall as well as rise and investors may not get back the amount originally invested. Exchange-rate fluctuations may also affect the value of their investment. Due to this and the initial charge that is usually made, an investment is not usually suitable as a short term holding.
Representative Accounts have been selected based on objective, non-performance based criteria, including, but not limited to the size and the overall duration of the management of the account, the type of investment strategies and the asset selection procedures in place. Therefore, the results portrayed relate only to such accounts and are not indicative of the future performance of such accounts or other accounts, products and/or services described herein. In addition, these results may be similar to the applicable GIPS composite results, but they are not identical and are not being presented as such. Account performance will vary based upon the inception date of the account, restrictions on the account, along with other factors, and may not equal the performance of the representative accounts presented herein. The performance results for representative accounts are gross of all fees and do reflect the reinvestment of dividends or other earnings.
Issued in the U.K. by AXA Investment Managers UK Limited, which is authorised and regulated by the Financial Conduct Authority in the U.K. Registered in England and Wales, No: 01431068. Registered Office: 22 Bishopsgate, London, EC2N 4BQ (from 1st January 2021).
Additional country specific disclosures:
In Hong Kong, this document is issued by AXA Investment Managers Asia Limited (SFC License No. AAP809), which is authorized and regulated by Securities and Futures Commission. This document is to be used only by persons defined as "professional investor" under Part 1 of Schedule 1 to the Securities and Futures Ordinance (SFO) and other regulations, rules, guidelines or circulars which reference "professional investor" as defined under Part 1 of Schedule 1 to the SFO. This document must not be relied upon by retail investors. Circulation must be restricted accordingly.
In Singapore, this document is issued by AXA Investment Managers Asia (Singapore) Ltd. (Registration No. 199001714W) and is intended for the use of Institutional Investors only as defined in Section 4A of the Securities and Futures Act (Cap. 289) and must not be relied upon by retail investors. Circulation must be restricted accordingly
In Taiwan, this document is issued by AXA Investment Managers Asia Limited (SFC License No. AAP809), which is authorized and regulated by Securities and Futures Commission. This document and the information contained herein are intended for the use of professional or institutional investors and should not be relied upon by retail investors. They have been prepared and issued for private informational and educational purposes only at the sole request of the specified recipients, and not intended for general circulation. They are strictly confidential, and must not be reproduced, circulated, distributed, redistributed or otherwise used, in whole or in part, in any way without the prior written consent of AXA IM Asia. They are not intended for distribution to any persons or in any jurisdictions for which it is prohibited.
If any fund is highlighted in this communication (the "Fund"), its offering document or prospectus contains important information on selling restrictions and risk factors, you should read them carefully before entering into any transaction. It is your responsibility to be aware of and to observe all applicable laws and regulations of any relevant jurisdiction. AXA IM Asia does not intend to offer any Fund in any country where such offering is prohibited.
The offer, distribution, sale or re-sale of fund units/shares in Taiwan requires approval from and/or registration with Taiwanese regulatory authorities. To the extent that any units/shares of the Funds are not so licensed or registered, such units/shares are made available in Taiwan on a private placement basis only to banks, bills houses, trust enterprises, financial holding companies and other qualified entities or institutions (collectively, "Qualified Institutions") and other entities and individuals meeting specific criteria ("Other Qualified Investors") pursuant to the private placement provisions of the Rules Governing Offshore Funds. No other offer or sale of such units/shares in Taiwan is permitted. Taiwanese purchasers of such units/shares may not sell or otherwise dispose of their holdings except by redemption, transfer to a Qualified Institution or Other Qualified Investor, transfer by operation of law or other means approved by the Taiwan Financial Supervisory Commission.
Austria: The current prospectus of the fund AXA WF Global Strategic Bonds as well as the Key Investor Information Documents were published in electronic form on www.axa-im.at on and by deposition at AXA Investment Managers Deutschland GmbH, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, as well as at the information centre and paying agent UniCredit Bank Austria, Schottengasse 6-8, 1010 Wien, Austria. Investors and interested persons in Austria receive the prospectus in German language, the Key Investor Information Documents in German, the fund rules (Fondsbestimmungen) and the annual and semi-annual report of the AXA WF Global Strategic Bonds free of charge at AXA Investment Managers Deutschland GmbH, at the information centre and paying agent mentioned above and on www.axa-im.at. With this information and paying agent, further information and documents regarding the product may be examined as well as redemption requests may be filed. The issue prices and redemption prices are also available at this information centre and paying agent and on www.axa-im.at.
Belgium: In Belgium, this document is intended for Professional Clients only, as defined by local laws and the MIFID directive, and is distributed by AXA IM Benelux SA/NV, 1 Place du Trône – 1000 Brussels Belgium. Germany: For professional clients only. Not for retail investors. This is promotional material, not a regular mandatory document and is not suitable for any kind of sales services, consulting or financial services vis-à-vis retail clients. The information in this document is exclusively addressed to professional clients who receive this document directly from AXA Investment Managers Deutschland GmbH / its affiliated companies. It is to be treated strictly confidential. The recipients are not allowed to pass this document and the information contained herein on to a third party,

in whole or in part, without the prior written consent of AXA Investment Managers Deutschland GmbH / its affiliated companies. You will receive the latest prospectus in German, Key Investor Information Document ("KIID") in your national language and the most recent annual and semi-annual report upon request free of charge and in paper form at AXA Investment Managers Deutschland GmbH, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main or from our distribution partners or under www.axa-im.de.
Denmark, Finland, Norway, Sweden: The current prospectus of the fund AXA WF Global Strategic Bonds as well as the Key Investor Information Documents (KIID) are published in electronic form online and by deposition at AXA Investment Managers Deutschland GmbH, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, as well as at the information centre and paying agent. Investors and interested persons receive the prospectus in your national language or English, the KIID in national language or English, the fund rules and the annual and semi-annual report of the AXA WF Global Strategic Bonds free of charge at AXA Investment Managers Deutschland GmbH, at the information centre and paying agent mentioned above and online. With this information centre and paying agent, further information and documents regarding the product may be examined as well as redemption requests may be filed. The issue prices and redemption prices are publicly available every trading day and are also available at the information centre, paying agent and online.
Germany: For professional clients only. Not for retail investors . This is promotional material, not a regular mandatory document and is not suitable for any kind of sales services, consulting or financial services vis-à-vis retail clients. The information in this document is exclusively addressed to professional clients who receive this document directly from AXA Investment Managers Deutschland GmbH / its affiliated companies. It is to be treated strictly confidential. The recipients are not allowed to pass this document and the information contained herein on to a third party, in whole or in part, without the prior written consent of AXA Investment Managers Deutschland GmbH / its affiliated companies. You will receive the latest prospectus in German, Key Investor Information Document ("KIID") in your national language and the most recent annual and semi-annual report upon request free of charge and in paper form at AXA Investment Managers Deutschland GmbH Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main or from our distribution partners or under www.axa-im.de.
France: In France, this document has been edited by AXA INVESTMENT MANAGERS SA, a company incorporated under the laws of France, having its registered office located at Tour Majunga, 6 place de la Pyramide, 92800 Puteaux, registered with the Nanterre Trade and Companies Register under number 393 051 826.
Luxembourg: In Luxembourg, this document is intended for Professional Clients only, as defined by local laws and the MIFID directive, and is distributed by AXA IM Benelux SA/NV, 1 Place du Trône – 1000 Brussels Belgium.
Netherlands: In the Netherlands, this document is intended for Professional Clients only, as defined by local laws and the MIFID directive, and is distributed by AXA IM Benelux- Netherlands Branch, Beethoven 500 – 4th Floor, Beethovenstraat 518 – 1082 PR Amsterdam - the Netherlands.
Spain: This document is intended for informational purposes only, and in no event is intended for retail customers and/or end investors. The information contained herein is for professional clients and eligible counterparties as they are defined in Articles 78bis and 79 ter of the Spanish Securities Market Act (Ley del Mercado de Valores), it is presumed, therefore, experience, knowledge and expertise to make their own investment decisions and properly assess their risks.
Portugal: In Portugal, this document is distributed by AXA Investment Managers GS Limited, Spanish Branch, has its registered office in Madrid, Paseo de la Castellana no. 93, 6th floor, is registered in the Madrid Mercantile Register, sheet M-301801, and is registered with the CNMV under 19 number as ESI of the European Economic Space, with Branch.
Switzerland: This document is intended exclusively for Qualified Investors according to Swiss law. Circulation must be restricted accordingly. Any reproduction of this information, in whole or in part, is prohibited.
The Swiss representative for the Luxembourg-domiciled SICAV (société d'investissement à capital variable) AXA World Funds is First Independent Fund Services Ltd, Klausstrasse 33, CH-8008 Zurich. The Swiss paying agent is Credit Suisse Ltd, Paradeplatz 8, CH-8001 Zurich. The current prospectus, the Key Investor Information Document (the "KIID") as well as the annual and semi-annual reports can be obtained free of charge from the Swiss representative. In respect of the units distributed in Switzerland, the place of performance and jurisdiction is Zurich, Switzerland.
UK: AXA WF Global Strategic Bonds is recognised by the UK Financial Conduct Authority and is available for sale in the UK.
Liechtenstein: Investors and interested persons in the Principality of Liechtenstein receive the prospectus, the Key Investor Information Documents in German language, the annual and semi-annual report of the AXA WF Global Strategic Bonds free of charge at AXA Investment Managers Deutschland GmbH Thurn-und-Taxis-Platz 6, D-60313 Frankfurt am Main, Germany or in electronic form on www.axa-im.li. or free of charge at the following paying agent: LGT Bank AG, Herrengasse 12, FL-9490 Vaduz
For Malaysian investors: As the recognition by the Malaysian Securities Commission pursuant to Section 212 of the Malaysian Capital Markets and Services Act 2007 has not been / will not be obtained nor will this document be lodged or registered with the Malaysian Securities Commission, the shares referred to hereunder (if any) are not being and will not be deemed to be issued, made available, offered for subscription or purchase in Malaysia and neither this document nor any other document or other material in connection therewith should be distributed, caused to be distributed or circulated in Malaysia.

For Thailand investors: Nothing in this document shall constitute in any manner whatsoever a proposal to make available, offer for subscription or purchase or to issue an invitation to purchase or subscribe for any securities in Thailand or a proposal to implement any of the foregoing in Thailand nor has this document been approved by or registered with the Securities and Exchange Commission of Thailand ("SEC"). No person receiving a copy of this document may treat the same as constituting an invitation or offer to him in Thailand and such person shall not distribute or make available this document in Thailand. The issuer of this document shall not be liable in any manner whatsoever in the event this document is distributed or made available to any person in Thailand receiving a copy of this document. Since no application for approval has been or will be made to the SEC for the offering of the securities, or for the registration of this document, the securities shall not be offered for subscription or purchased or made available, whether directly or indirectly, in Thailand. It is the sole responsibility of recipients wishing to take any action upon this document to satisfy themselves as to the full observance of the laws of Thailand, to comply with all relevant government and regulatory approvals, and to comply with all applicable laws, including but not limited to exchange control laws.

In Korea, AXA Investment Managers Asia (Singapore) Ltd is a registered Cross Border Investment Advisor/Discretionary Investment Management Company under the Financial Investment Services and Capital Markets Act (the "Act"). The activities referenced under the Act are 5-2-2 Investment Advisory Business and 6-2-2 Discretionary Investment Management Business, respectively. Its financial services are available in Korea only to Professional Investors within the meaning of Article 10 of Enforcement Decree of the Financial Investment Services and Capital Markets Act.

To the extent that any fund is mentioned in this document, neither the fund nor AXA IM Asia is making any representation with respect to the eligibility of any recipients of this document to acquire the units/shares in the fund under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and Regulations thereunder. The units/shares have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the units/shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

For Investors in People's Republic of China (PRC): This document does not constitute a public offer of the product, whether by sale or subscription in the PRC. The product is not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC. Further, no legal or natural

persons of the PRC may directly or indirectly purchase any of the product or any beneficial interest herein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

****

*Eligible PRC Investor are **QDII/QDLP/QDIE investors,** or **government/sovereign investors such as SAFE, CIC, NSSF and CIIF**

- certain banks, trust companies, security (including fund management) companies and insurance companies which have been approved by their relevant regulators as a Qualified Domestic Institutional Investor ("**QDII**") and have also been granted an exchange foreign investment quota with which to make such investments;
- certain PRC financial institutions which have been approved by their relevant regulators as a Renminbi Qualified Domestic Institutional Investors ("**RQDII**" and distinct from the QDII regime) may invest in overseas Renminbi -denominated securities products;
- qualified PRC investors in the Qualified Domestic Limited Partnership ("**QDLP**") regimes in Shanghai, Qingdao and Guangdong;
- certain companies that have been approved by the relevant regulator as a Qualified Domestic Investment Enterprise ("**QDIE**") in Qianhai of Shenzhen; and
- sovereign wealth funds (and equivalent), including the investments of China Investment Corporation ("**CIC**"), the State Administration for Foreign Exchange ("**SAFE**"), the National Social Security Fund ("**NSSF**") and the China Insurance Investment Fund ("**CIIF**").