

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 1ST JANUARY 2022 to 27TH SEPTEMBER 2022 (DATE OF
TERMINATION)**

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

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FOR THE PERIOD FROM 1ST JANUARY 2022 TO 27TH SEPTEMBER 2022 (DATE OF
TERMINATION)**

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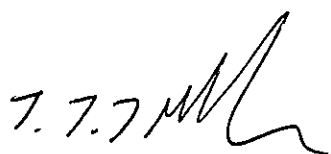
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**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

MANAGER'S REPORT

The net assets at the date of termination and the net loss for the period from 1st January to 27th September 2022 (date of termination) of the Sub-Fund's Portfolio amounted to:

	As at 27th September 2022 (date of termination)	
	Net assets	Net loss
AXA USD-Hedged Global Bond Fund	US\$Nil	US\$(1,251,502)



AXA Investment Managers Asia Limited

Hong Kong, 16th January 2023

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

INVESTMENT REPORT

FOR THE PERIOD FROM 1ST JANUARY 2022 TO 27TH SEPTEMBER 2022 (DATE OF TERMINATION)

The Manager has decided to terminate the Sub-Fund with effect on 27th September 2022. As such, the Sub-Fund disposed all its investments and did not hold any investments as at 27th September 2022 (date of termination).

During the period from 1st January 2022 to 27th September 2022 (date of termination) fixed income markets experienced one of the most significant sell-off in history on the back of a rapid swift in monetary policies. After years of massive support to the economy, especially during the Covid-19 crisis, Central Bankers are facing the consequences of a rock-solid inflation that is proving long lasting. In consequence they have changed their tone and reinforced their aggressiveness with the sole purpose of controlling both realized and expected inflation. Across developed markets inflation has rapidly increased, reaching levels not seen for decades, between 6% and 10%. The strength of prices' increase has been exacerbated by the war in Ukraine which fueled not only food inflation, putting a direct pressure on agricultural commodities prices, but also energy inflation through two channels: consequent sanctions to oil imports from Russia to the west and Russia's retaliation limiting gas exports. This has put Europe in a particular tough place and has forced governments to join the battle against inflation. The Reserve Bank of New Zealand kicked in the hiking cycle late in 2021 and was quickly followed by the Bank of England, Bank of Canada, the Fed and so on, which finally put pressure on the ECB that got its deposit rate out of negative territory in July 2022. Across the year the pace of hikes has been reinforced with official cash rates increasing between 100 and 300 bps among developed markets. The only exception to this global hawkishness is the Bank of Japan that remains on accommodative territory and benefits from lower inflation pressures with CPI at 3%.

In this environment the global sovereign index delivered negative returns since the beginning of the year. The UK market was one of the worst performers as the rise in rates triggered a liquidity crisis forcing pension funds to liquidate assets, harming even more the performance of the gilts market. Higher rates also harmed peripheral countries with sovereign spreads widening during the year both in Spain and Italy, the latter being also impacted by political turmoil. Credit spreads also widened during the period while quasi-governments were quite resilient. The fund's performance was above the reference index. Our duration management as well as the diversification positions in inflation-linked bonds were the main contributors to alpha generation. Positioning towards flatter curves as well as cross-market strategies were also beneficial to relative performance.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

**PERFORMANCE TABLE (UNAUDITED)
AS AT 27TH SEPTEMBER 2022 (DATE OF TERMINATION)**

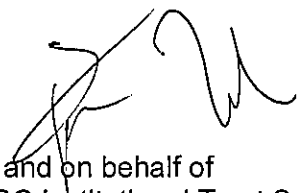
Financial year ended	Total net asset value US\$	Net asset value per unit US\$
31st December 2020	16,168,421	22.711
31st December 2021	14,921,818	22.035
27th September 2022 (date of termination)	-	-

HIGHEST OFFER / LOWEST BID PRICES

Financial year	The highest offer price US\$	The lowest bid price US\$
2013	17.564	17.024
2014	18.509	17.270
2015	18.931	18.137
2016	20.013	18.712
2017	19.813	19.182
2018	20.101	19.488
2019	22.033	20.067
2020	22.815	21.464
2021	22.726	21.874
For the period from 1st January 2022 to 27th September 2022 (date of termination)	21.959	19.521

**REPORT OF THE TRUSTEE TO THE UNITHOLDERS
OF AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

We hereby confirm that, in our opinion, the Manager of the Sub-Fund has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 23rd February 1999, as amended and supplemented from time to time (the "Trust Deed"), for the period from 1st January 2022 to 27th September 2022 (date of termination).



For and on behalf of
HSBC Institutional Trust Services (Asia) Limited
as the Trustee of
the AXA USD-Hedged Global Bond Fund
A Sub-Fund of AXA Fixed Income Fund

Hong Kong, 16th January 2023

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's Responsibilities

The Manager of AXA USD-Hedged Global Bond Fund (the "Sub-Fund"), a sub-fund of AXA Fixed Income Fund is required by the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code") and the Trust Deed to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the period then ended. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Sub-Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Sub-Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee's Responsibilities

The Trustee of the Sub-Fund is required by the SFC Code and the Trust Deed to:

- ensure that the Sub-Fund in all material respects is managed in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period should the Manager not managing the Sub-Fund in accordance with the Trust Deed.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of AXA USD-Hedged Global Bond Fund (the "Sub-Fund"), a sub-fund of AXA Fixed Income Fund, which are set out on pages 9 to 49, comprise:

- the statement of net assets as at 27th September 2022 (date of termination);
- the statement of comprehensive income for the period from 1st January 2022 to 27th September 2022 (date of termination);
- the statement of changes in equity for the period from 1st January 2022 to 27th September 2022 (date of termination);
- the statement of cash flows for the period from 1st January 2022 to 27th September 2022 (date of termination); and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 27th September 2022 (date of termination), and of its financial transactions and its cash flows for the period from 1st January 2022 to 27th September 2022 (date of termination) in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sub-Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of Matter

We draw your attention to Notes 1 and 2 to these financial statements, which state that the Manager has decided to terminate the Sub-Fund with effect on 27th September 2022. As a result, these financial statements have not been prepared on a going concern basis of accounting, and are prepared in accordance with the basis set out in Note 2 to these financial statements. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF AXA USD-HEDGED GLOBAL BOND FUND (CONTINUED)
(A SUB-FUND OF AXA FIXED INCOME FUND)**

Other Information

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Sub-Fund is responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 23rd February 1999, as amended (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF AXA USD-HEDGED GLOBAL BOND FUND (CONTINUED)
(A SUB-FUND OF AXA FIXED INCOME FUND)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

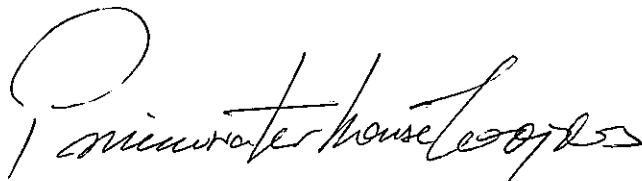
As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16th January 2023

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

**STATEMENT OF NET ASSETS
AS AT 27TH SEPTEMBER 2022 (DATE OF TERMINATION)**

	Note	As at 27th September 2022 (date of termination) US\$	As at 31st December 2021 US\$
Assets			
Current assets			
Investments	6(a), 6(d), 6(g)	-	14,586,883
Derivative financial instruments	6(a), 6(d), 6(g), 8	-	181,454
Interest receivable		88	67,459
Amounts due from brokers		712,656	-
Other accounts receivable		93	-
Margin deposits	10	-	66,890
Cash at bank	6(d), 12(f)	7,290	69,195
Total assets		720,127	14,971,881
Liabilities			
Current liabilities			
Derivative financial instruments	6(a), 6(d), 6(g), 8	-	8,843
Amounts payable on redemption		2,421	286
Bank overdraft	12(f)	599,668	-
Other payable and accrued expenses	12(l)	118,038	40,934
Total liabilities		720,127	50,063
Equity			
Net assets attributable to unitholders	5	-	14,921,818

Signed for and on behalf of:


HSBC Institutional Trust Services (Asia) Limited
as the Trustee


AXA Investment Managers Asia Limited
as the Manager

The notes on pages 13 to 49 form part of these financial statements.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1ST JANUARY 2022 TO 27TH SEPTEMBER 2022 (DATE OF
TERMINATION)**

	Note	For the period from 1st January 2022 to 27th September 2022 (date of termination) US\$	For the year ended 31st December 2021 US\$
Income			
Bank interest income	12(g)	575	27
Interest income on investments		21,036	104,670
Net losses on investments and derivative financial instruments	11	(1,244,651)	(423,461)
Net gains/(losses) on foreign exchange		34,759	(19,027)
Total investment loss		<u>(1,188,281)</u>	<u>(337,791)</u>
Expenses			
Management fee	4	19,408	53,610
Trustee and administration fees	4	12,800	23,912
Custodian fee and bank charges	12(h)	1,995	3,664
Auditor's remuneration		436	21,969
Legal and professional fee		5,369	5,930
Transaction costs	7	398	346
Other operating expenses	4,12(h)	22,754	31,394
Total operating expenses		<u>63,160</u>	<u>140,825</u>
Net operating loss		(1,251,441)	(478,616)
Finance costs			
Bank interest expenses	12(h)	(242)	(458)
Loss before tax		<u>(1,251,683)</u>	<u>(479,074)</u>
Withholding tax credit/(expense) on investment income	3	181	(181)
Total comprehensive loss		<u><u>(1,251,502)</u></u>	<u><u>(479,255)</u></u>

The notes on pages 13 to 49 form part of these financial statements.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1ST JANUARY 2022 TO 27TH SEPTEMBER 2022 (DATE OF
TERMINATION)**

	Note	For the period from 1st January 2022 to 27th September 2022 (date of termination) US\$	For the year ended 31st December 2021 US\$
Balance at the beginning of the period/year		14,921,818	16,168,421
Allotment of units	5	2,076,261	60,658
Redemption of units	5	(15,746,577)	(828,006)
Net redemption		(13,670,316)	(767,348)
Total comprehensive loss		(1,251,502)	(479,255)
Balance at the end of the period/year		-	14,921,818
Number of units in issue		Units	Units
At the beginning of the period/year		677,174	711,915
Total allotments		97,817	2,693
Total redemptions		(774,991)	(37,434)
At the end of the period/year		-	677,174
Net assets attributable to unitholders per unit		-	22.035

The notes on pages 13 to 49 form part of these financial statements.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1ST JANUARY 2022 TO 27TH SEPTEMBER 2022 (DATE OF TERMINATION)

	Note	For the period from 1st January 2022 to 27th September 2022 (date of termination) US\$	For the year ended 31st December 2021 US\$
Net cash inflow from operating activities	9	13,006,608	941,812
Cash flows from financing activities			
Receipts on allotment of units		2,076,261	60,658
Payments on redemption of units		(15,744,442)	(1,495,441)
Net cash outflow from financing activities		(13,668,181)	(1,434,783)
Net decrease in cash and cash equivalents		(661,573)	(492,971)
Cash and cash equivalents at the beginning of the period/year		69,195	562,166
Cash and cash equivalents at the end of the period/year		(592,378)	69,195
Analysis of balances of cash and cash equivalents			
Cash at bank		7,290	69,195
Bank overdraft		(599,668)	-
		(592,378)	69,195

The notes on pages 13 to 49 form part of these financial statements.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

1 The Sub-Fund

Establishment

AXA Fixed Income Fund (the "Fund") was originally established as a unit trust under Hong Kong law by a Trust Deed dated 23rd February 1999, as amended and supplemented from time to time (the "Trust Deed"). AXA Investment Managers Asia Limited has been appointed as Manager and HSBC Institutional Trust Services (Asia) Limited has been appointed as Trustee.

As at 27th September 2022 (date of termination), the Fund has only one sub-fund, AXA USD-Hedged Global Bond Fund (the "Sub-Fund"). On 27th September 2001, the Sub-Fund was authorized by the Securities and Futures Commission of Hong Kong ("SFC") under Section 104(1) of the Hong Kong Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds issued by the SFC (the "SFC Code").

These financial statements are in respect of the Sub-Fund only.

Investment objective

The primary investment objective of the Sub-Fund is to provide a return of capital growth and income through investment in an actively managed portfolio of fixed and floating rate investment grade securities throughout the Organisation for Economic Co-operation and Development ("OECD") countries whilst maintaining a steady income yield.

Termination of the Sub-Fund

Pursuant to Clause 27.3 of the Trust Deed, the Manager may in its absolute discretion to terminate the Sub-Fund by notice in writing if the aggregate net asset value of the units of the Sub-Fund falls below USD10,000,000. Pursuant to a Notice to Unitholders dated 27th June 2022, the Manager has decided to terminate the Sub-Fund with effect on 27th September 2022. On 21st September 2022, the unitholders requested to redeem all units in the Sub-Fund and such redemption requests were settled on 26th September 2022. The authorization of the Fund and the Sub-Fund by the SFC was withdrawn effective from 30th November 2022.

Pursuant to the Notice to Unitholders dated 27th June 2022, the Manager confirms to bear all costs and expenses relating to the termination of the Sub-Fund.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period/year presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

As refer to Note 1, all units of the Sub-Fund were fully redeemed and settled on 21st September 2022 and 26th September 2022 respectively. As a result, the financial statements of the Sub-Fund for the period from 1st January 2022 to 27th September 2022 (date of termination) have not been prepared on a going concern basis. The Manager of the Sub-Fund has assessed that the values of all assets and liabilities at the reporting date approximate their net realisable value, and therefore no changes of accounting policies or adjustments have been made in financial statements in order to reflect the fact that the Sub-Fund will be able to realise its assets or to extinguish its liabilities in the normal course of business.

The preparation of financial statements in conformity with HKFRSs requires the Manager to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

All references to net assets throughout the financial statements refer to net assets attributable to unitholders unless otherwise stated.

Standards and amendments to existing standards effective 1st January 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1st January 2022 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1st January 2022 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st January 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(b) Investments

(i) Classification

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Sub-Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Sub-Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Sub-Fund's policy requires the Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets or financial liabilities at fair value through profit or loss" category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date.

Investments that are listed or traded on an exchange are fair valued based on last traded prices.

Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(b) Investments (Continued)

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Derivative financial instruments

Derivative financial instruments are recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Subsequent changes in the fair value of any derivative financial instrument are recognized immediately in the statement of comprehensive income.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of net assets when the Sub-Fund currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(e) Interest income and interest from financial assets at fair value through profit or loss

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss includes interest from debt securities.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(f) Translation of foreign currencies

(i) Functional and presentation currency

The performance of the Sub-Fund is measured and reported to the investors in United States dollar. The Manager considers the United States dollar as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The financial statements are presented in United States dollar, which is the Sub-Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net gains/(losses) on foreign exchange".

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "net gains/(losses) on investments and derivative financial instruments".

(g) Expense

Expenses are accounted for on an accrual basis.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(h) Proceeds and payments on allotment and redemption of units

The Sub-Fund's units, measured at net asset value per unit, which are redeemable at the holder's option, represents puttable financial instruments. The net asset per unit computed for each dealing day. The price at which units are allotted or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

Puttable financial instruments are classified as equity in accordance with HKAS 32 (Amendment), "Financial instruments: Presentation" if they meet all the follow criteria:

- the puttable financial instruments entitle the holder to a pro-rata share of net asset value;
- the puttable financial instruments are the most subordinated units in issue and unit features are identical;
- there is no contractual obligation to deliver cash or another financial asset; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of the Sub-Fund.

Otherwise, puttable financial instruments are classified as financial liability.

As at 27th September 2022 (date of termination) and 31st December 2021, the Sub-Fund has only one class in issued and is classified as equity in the statement of net assets.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash at banks, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of net assets.

(j) Amounts due from/to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the reporting date respectively. The due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(j) Amounts due from/to brokers (Continued)

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(k) Collateral

Cash collateral provided by the Sub-Fund is identified in the statement of net assets as margin deposit and is not included as a component of cash and cash equivalents.

(l) Transaction costs

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, brokers and dealers. Transaction costs are expensed as incurred in the statement of comprehensive income.

(m) Taxation

The Sub-Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included as withholding tax on investment income in the statement of comprehensive income.

3 Taxation

No provision for Hong Kong profits tax has been made as the Sub-Fund was authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Withholding tax credit of US\$181 (year ended 31st December 2021: US\$181 withholding tax expense) was recognised during the period from 1st January 2022 to 27th September 2022 (date of termination).

4 Fees

Management fee

AXA Investment Managers Asia Limited, the Manager, is entitled to receive a fee, calculated daily and payable monthly, equal to 0.35% per annum of the net asset value of the Sub-Fund.

The Manager will bear the fees of AXA Investment Managers Paris, the Sub-Investment Manager.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

4 Fees (Continued)

Management fee (Continued)

For the period from 1st January 2022 to 27th September 2022 (date of termination), the total management fee was US\$19,408 (year ended 31st December 2021: US\$53,610). No balance (31st December 2021: US\$4,462) was outstanding as at 27th September 2022 (date of termination).

The Manager has waived the management fee from 27th June 2022 to 27th September 2022 (date of termination). Refer to Note 1.

Trustee and administration fees

HSBC Institutional Trust Services (Asia) Limited, the Trustee, is entitled to receive a fee calculated daily and payable monthly, equal to a percentage of the aggregate net asset value ("NAV") of the Sub-Fund at the beginning of each month at an annual rate of:

0.13% of the NAV from US\$Nil to US\$50 million

0.11% of the NAV from above US\$50 million to US\$150 million

0.09% of the NAV from US\$150 million or above

With effect from 1st April 2020, the Trustee charged an additional fixed fee of US\$4,000 per annum for the Sub-Fund. The aggregate fees payable to the Trustee for the Sub-Fund shall not exceed the maximum of 1.0% per annum of the net asset value of the Sub-Fund.

The Trustee is also entitled to receive transaction and processing fees of US\$11,445 (year ended 31st December 2021: US\$13,280) for the period from 1st January 2022 to 27th September 2022 (date of termination) in accordance with its normal scale of charges and to be reimbursed for any out-of-pocket expenses. The above fees were included in "other operating expenses" in the "statement of comprehensive income". No balance (31st December 2021: US\$1,190) was outstanding as at 27th September 2022 (date of termination).

For the period from 1st January 2022 to 27th September 2022 (date of termination), trustee and administration fees was US\$12,800 (31st December 2021: US\$23,912). Balance of US\$620 (31st December 2021: US\$1,658) was outstanding as at 27th September 2022 (date of termination).

5 Number of units in issue and net assets attributable to unitholders

The Sub-Fund issues units, which are redeemable at the holder's option and are classified as equity.

With a view to protecting the interests of unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of units of any Sub-Fund realised on any dealing day to 10 percent of the total number of units of the relevant Sub-Fund in issue.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

5 Number of units in issue and net assets attributable to unitholders (Continued)

Subscriptions and redemptions of units during the period from 1st January 2022 to 27th September 2022 (date of termination) and year ended 31st December 2021 are shown in the statement of changes in equity. In order to achieve the investment objective, the Sub-Fund endeavours to invest their capital in accordance with the investment policies as outlined in note 6. Redemptions are met by disposals of investments and derivative financial instruments where necessary.

Number of units in issue

	27th September 2022 (date of termination) Units	31st December 2021 Units
Number of units in issue at the end of the period/year	-	677,174
	27th September 2022 (date of termination) US\$	31st December 2021 US\$
Net assets attributable to unitholders	-	14,921,818
Net assets attributable to unitholders per unit	-	22.035

The Sub-Fund's objective and policies for managing their obligations to redeem these instruments are included in note 6(h) on capital risk management and note 6(f) on liquidity risk.

6 Financial risk management

Strategy in using financial instruments

The primary investment objective of the Sub-Fund is to provide a return of capital growth and income through investment in an actively managed portfolio of fixed and floating rate investment grade securities throughout OECD countries whilst maintaining a steady income yield.

The Sub-Fund is exposed to market price risk, interest rate risk, credit and counterparty risk, liquidity risk and currency risk arising from the financial instruments it holds. The Manager monitors the Sub-Fund's market positions on a daily basis. The risk management policies employed by the Sub-Fund to manage these risks are summarised below.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(a) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments and derivative financial instruments present a risk of loss of capital. The Manager moderates this risk through a careful selection of investments and derivative financial instruments within specified limits. The maximum loss resulting from investments and derivative financial instruments is determined by the fair value of the investments and derivative financial instruments. The Sub-Fund's investments and derivative financial instruments are susceptible to market price risk arising from uncertainties about future prices. The Sub-Fund actively maintains a high level of diversification in its holdings, thus potentially reducing the amount of risk in the Sub-Fund

As at 27th September 2022 (date of termination) the Sub-Fund did not hold any investments and was not exposed to market price risk. As a result, no market exposure and sensitivity analysis are presented. As at 31st December 2021, the overall market exposures were as follows:

	31st December 2021 US\$
<u>Investments</u>	
Quoted debt securities	
Australia	590,239
Austria	131,494
Belgium	235,052
Canada	279,911
Denmark	54,714
Finland	20,306
France	1,134,399
Germany	1,165,672
Great Britain	606,830
Ireland	98,667
Italy	1,284,054
Japan	2,308,057
Mexico	214,157
Netherlands	195,724
Poland	37,024
Spain	785,689
Supra-National	34,198
USA	5,410,696
Total Quoted debt securities	14,586,883

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(a) Market price risk (Continued)

	At 31st December 2021 US\$	At 31st December 2021 % of net assets for each instrument
Derivative financial instruments		
- Listed bond futures (Note 8)	24,463	0.17
- Quoted forward foreign exchange contracts (Note 8)	156,989	1.05
- Quoted spot foreign exchange contracts (Note 8)	2	0.00
Total derivative financial instruments – assets	<u>181,454</u>	<u>1.22</u>
- Listed bond futures (Note 8)	(2,559)	(0.02)
- Quoted forward foreign exchange contracts (Note 8)	(6,232)	(0.04)
- Quoted spot foreign exchange contracts (Note 8)	(52)	(0.00)
Total derivative financial instruments - liabilities	<u>(8,843)</u>	<u>(0.06)</u>

As at 27th September 2022 (date of termination), the Sub-Fund did not hold any futures contracts. As a result, no futures contracts outstanding were presented. Refer to note 8 for details of the Sub-Fund's bond futures contracts outstanding as at 31st December 2021.

The Sub-Fund invests in bond futures with total net fair value of US\$21,904 as at 31st December 2021. Owing to margin requirements, futures trading by its nature involve leverage, which may be substantial. If the market were to move against the Sub-Fund's position held under a futures contract, the Sub-Fund may be called upon by its broker to deposit additional margin funds, failing which its position may be liquidated at a loss. Leverage has the potential to yield not only large gains but also to result in large losses.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(a) Market price risk (Continued)

At 31st December 2021, the Sub-Fund had investments issued by the same issuer with market value exceeding 10% of its net assets, as follows:

	At 31st December 2021 % of net assets
Italy Treasury	8.60%
Japan Government	15.47%
US Treasury	36.26%

The Manager considered the Sub-Fund's price sensitivity of investments and derivative financial instruments is affected by three main components: changes in market interest rates, currency movements and credit risk of the instruments. Sensitivity analyses of the financial instruments are covered in the following notes.

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Sub-Fund's assets are debt securities which are exposed to interest rate risk. The Manager monitors the interest rate risk by durations on a daily basis.

The table below summarises the Sub-Fund's exposure to interest rate risk categorised by the earlier of contractual repricing or maturity dates.

At 27th September 2022 (date of termination)

	Up to 1 year US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
Assets					
Amounts due from brokers	-	-	-	712,656	712,656
Cash at bank	7,290	-	-	-	7,290
Other assets	-	-	-	181	181
Total assets	7,290	-	-	712,837	720,127
Liabilities					
Other liabilities	-	-	-	120,459	120,459
Bank overdraft	599,668	-	-	-	599,668
Total liabilities	599,668	-	-	120,459	720,127
Total interest sensitivity gap	(592,378)	-	-		

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Interest rate risk (Continued)

At 31st December 2021

	Up to 1 year US\$	1 - 5 years US\$	Over 5 years US\$	Non-interest bearing US\$	Total US\$
Assets					
Investments	361,379	5,984,784	8,240,720	-	14,586,883
Derivative financial instruments	-	-	-	181,454	181,454
Cash at bank	69,195	-	-	-	69,195
Margin deposits	66,890	-	-	-	66,890
Other assets	-	-	-	67,459	67,459
Total assets	<u>497,464</u>	<u>5,984,784</u>	<u>8,240,720</u>	<u>248,913</u>	<u>14,971,881</u>
Liabilities					
Derivative financial instruments	-	-	-	8,843	8,843
Other liabilities	-	-	-	41,220	41,220
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,063</u>	<u>50,063</u>
Total interest sensitivity gap	<u>497,464</u>	<u>5,984,784</u>	<u>8,240,720</u>		

At 31st December 2021, should the relevant market interest rates have moved up by 50¹ basis points with all other variables held constant, the impacts on the net assets attributable to unitholders are shown at the table below. The same change in opposite direction would cause the opposite movement in the net assets attributable to unitholders by equal amounts. At 27th September 2022, the Sub-Fund disposed all its investments and did not hold any investments.

	At 27th September 2022 (date of termination) US\$	At 31st December 2021 US\$
Estimated impact	-	(619,136)

¹Changes in basis points can be revised annually depending on the Manager's current view of interest rates volatility and other relevant factors.

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(b) Interest rate risk (Continued)

The Manager has used their view of what would be a "reasonable possible shift" in the market interest rates to estimate the change for use in the interest rate risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative.

(c) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund holds assets and liabilities denominated in currencies other than its functional currency, United States dollar, and is therefore exposed to currency risk with respect to these currencies. The Manager considers there is no currency risk to the Hong Kong dollar which is a linked currency with the United States dollar.

The Sub-Fund also enters into forward foreign exchange contracts designed to either hedge some or all of these exposures. Details of forward foreign exchange contracts outstanding at year end and their gross exposures to currency risk are disclosed in Note 8 The Manager monitors the Sub-Fund's currency positions on a daily basis.

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(c) Currency risk (Continued)

The table below summarises Sub-Fund's net exposure to different major currencies except for Hong Kong dollar which is a linked currency with the United States dollar:

As at 27th September 2022 (date of termination)

Assets		AUD US\$	CAD US\$	CHF US\$	DKK US\$	EUR US\$	GBP US\$	JPY US\$	MXN US\$	NOK US\$	PLN US\$	SEK US\$
Monetary assets		-	18,265	-	-	478,677	-	-	-	-	-	-
Non-monetary assets		-	-	-	-	-	-	-	-	-	-	-
Liabilities												
Monetary liabilities		-	18,265	-	-	478,529	-	87	-	-	-	-
Non-monetary liabilities		-	-	-	-	-	-	-	-	-	-	-

As at 31st December 2021

Assets		AUD US\$	CAD US\$	CHF US\$	DKK US\$	EUR US\$	GBP US\$	JPY US\$	MXN US\$	NOK US\$	PLN US\$	SEK US\$
Monetary assets		627,855	292,697	8,345	56,914	5,639,884	717,155	2,344,045	51,138	375	38,734	34,561
Non-monetary assets		-	-	-	-	-	-	-	-	-	-	-
Liabilities												
Monetary liabilities		630,121	289,714	3	58,100	5,639,126	724,749	2,345,862	43,937	-	38,686	35,116
Non-monetary liabilities		-	-	-	-	-	-	-	-	-	-	-

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(c) Currency risk (Continued)

The table below summarises the impact of increase or decrease of key exchange rates on the exposures tabled above, to which the Sub-Fund is exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by 15%¹ (31st December 2021 : 7%) with all other variables held constant as at 27th September 2022 (date of termination).

As at 27th September 2022 (date of termination)

	Impact on net assets										
	AUD US\$	CAD US\$	CHF US\$	DKK US\$	EUR US\$	GBP US\$	JPY US\$	MXN US\$	NOK US\$	PLN US\$	SEK US\$
Monetary net assets	-	-	-	-	22	-	13	-	-	-	-
Non-monetary net assets	-	-	-	-	-	-	-	-	-	-	-

As at 31st December 2021

	Impact on net assets										
	AUD	CAD	CHF	DKK	EUR	GBP	JPY	MXN	NOK	PLN	SEK
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Monetary net assets	159	209	584	83	53	532	127	504	26	3	39
Non-monetary net assets	-	-	-	-	-	-	-	-	-	-	-

The Manager has used their view of what would be a “reasonable possible shift” in the exchange rates to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative.

¹ This % can be revised annually depending on the Manager's current view of exchange rates volatility and other relevant factors.

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(d) Credit and counterparty risk

Credit risk is the risk that an issuer or counterparty will be unable to pay amounts in full when due.

The Sub-Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits, margin deposits and assets held with the custodian. The table below summarises the assets placed with bank, brokers and custodian at 27th September 2022 (date of termination) and 31st December 2021.

As at 27th September 2022 (date of termination)

	US\$	Credit rating	Source of credit rating
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	(592,378)	AA-	Fitch

As at 31st December 2021

	US\$	Credit rating	Source of credit rating
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	14,586,883	AA-	Fitch
<u>Bank</u>			
The Hongkong and Shanghai Banking Corporation Limited	69,195	AA-	Fitch
<u>Brokers</u>			
Goldman Sachs International	91,353	A	Fitch
HSBC Continental Europe	22,898	AA-	Fitch
TD Global Finance Unlimited Company	134,093	Aa2	Moody's

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

All derivative financial instruments represent outstanding forward foreign exchange contracts and bond futures contracts as disclosed in Note 8. As at 31st December 2021, the counterparties of these contracts are TD Global Finance Unlimited Company, HSBC Continental Europe and Goldman Sachs International with a credit rating as stated above. As at 27th September 2022 (date of termination), the Sub-Fund did not hold any outstanding forward foreign exchange contracts and bond futures contracts.

The Sub-Fund also holds debt securities and therefore it is exposed to risk that the issuers may not be able to repay the principal amount at maturity and interest. The credit risk is mitigated as the debt securities held are subject to the requirements of minimum credit rating. The Manager monitors the Sub-Fund's credit positions on a daily basis.

As at 27th September 2022 (date of termination), the Sub-Fund did not hold any investment portfolio and the table below summarises the credit rating of the investment portfolio as at 31st December 2021, by Standard & Poor's/Moody's:

Rating categories	2021 % of net asset value
AAA/Aaa	14%
AA/Aa	52%
A/A	17%
BBB/Baa	15%
Total	98%

All transactions in listed/quoted securities are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the Sub-Fund's custodian bank has received payment. For a purchase, payment is made once the securities have been received by the Sub-Fund's custodian bank. The trade will fail if either party fails to meet their obligation.

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Manager considers both historical analysis and forward looking information in determining any expected credit loss. At 27th September 2022 (date of termination) and 31st December 2021, interest receivable, amounts due from brokers, margin deposits and cash at bank are held with counterparties with a credit rating of A or higher and are due to be settled within 1 month. Manager considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

The maximum exposure to credit risk at 27th September 2022 (date of termination) and 31st December 2021 is the carrying amount of the financial assets as shown on the statement of net assets.

None of the assets is impaired nor past due but not impaired.

(e) Offsetting and amounts subject to master netting arrangements and similar agreements

As at 27th September 2022 (date of termination), there were no derivative financial instruments held by the Sub-Fund.

As at 31st December 2021, the Sub-Fund was subject to three master netting arrangement with its derivative counterparties. Bond futures and forward foreign exchange contracts of this Sub-Fund are held with these counterparties and the margin balance maintained by this Sub-Fund is for the purpose of providing collateral on derivative positions.

The following tables present the Sub-Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument.

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

As at 31st December 2021

	A	B	C = A-B
	Gross amounts of recognized financial assets US\$	Gross amounts of recognized financial liabilities set-off in the statement of net assets US\$	Net amounts of financial assets presented in the statement of net assets US\$
<u>Description</u>			
Derivative assets	181,454	-	181,454
Margin deposits	66,890	-	66,890

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(e) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

As at 31st December 2021

	A	B	C = A-B
	Gross amounts of recognized financial liabilities US\$	Gross amounts of recognized financial assets set-off in the statement of net assets US\$	Net amounts of financial liabilities presented in the statement of net assets US\$
<u>Description</u>			
Derivative liabilities	8,843	-	8,843

The following tables presents by counterparty of financial instrument:

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

As at 31st December 2021

	C = A-B	D		E = C-D
	Net amounts of financial assets presented in the statement of net assets US\$	Related amounts not set-off in the statement of net assets		Net amount
		D(i) Financial instruments US\$	D(ii) Cash collateral received US\$	
Counterparties				
Goldman Sachs International	91,353	2,559	-	88,794
HSBC Continental Europe	22,898	5,027	-	17,871
TD Global Finance Unlimited Company	134,093	1,257	-	132,836
	<u>248,344</u>	<u>8,843</u>	<u>-</u>	<u>239,501</u>

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(e) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

As at 31st December 2021

	C = A-B	D		E = C-D
	Net amounts of financial liabilities presented in the statement of net assets US\$	Related amounts not set-off in the statement of net assets D(i) Financial instruments US\$ D(ii) Cash collateral pledged US\$		Net amount US\$
Counterparties				
Goldman Sachs International	2,559	2,559	-	-
HSBC Continental Europe	5,027	5,027	-	-
TD Global Finance Unlimited Company	1,257	1,257	-	-
	<u>8,843</u>	<u>8,843</u>	<u>-</u>	<u>-</u>

The Sub-Fund and its counterparty have elected to settle all transactions on a gross basis however; each party has the option to settle all open contracts on a net basis in the event of default of the other party. Per the terms of the master netting agreement, an event of default includes the following:

- failure by a party to make payment when due;
- failure by a party to perform any obligation required by the agreement; and
- bankruptcy.

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(f) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Sub-Fund is exposed to daily redemptions. The Sub-Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The tables below analyze the Sub-Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the 27th September 2022 (date of termination) and 31st December 2021 to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month US\$	1 – 3 months US\$	Over 3 months US\$
At 27th September 2022 (date of termination)			
Amounts payable on redemption	2,421	-	-
Other payable and accrued expenses	101,448	16,590	-
Bank overdraft	599,668	-	-
Contractual cash outflows	703,537	16,590	-
At 31st December 2021			
Amounts payable on redemption	286	-	-
Other payable and accrued expenses	7,657	-	33,277
Contractual cash outflows	7,943	-	33,277

The table below analyzes the derivative financial instruments of Sub-Fund in a loss position based on an expected maturity basis rather than on a contractual basis, as the contractual maturities for such contracts are not considered to be essential to an understanding of the timing of cash flows based on the Sub-Fund's investment strategy. The amounts disclosed in the table represent the undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(f) Liquidity risk (Continued)

	Less than 1 month US\$	1 – 3 months US\$	Over 3 months US\$
At 31st December 2021			
Gross settled derivatives			
Forward foreign exchange contracts			
- Outflow	(10,020,201)	(219,791)	-
- Inflow	10,170,326	220,423	-
	<u> </u>	<u> </u>	<u> </u>

The Sub-Fund manages its liquidity risk by investing predominantly in debt securities that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of assets held:

	Less than 1 month US\$	1 – 3 months US\$	Over 3 months US\$
At 27th September 2022			
Total assets			
- Other liquid assets	720,127	-	-
At 31st December 2021			
Total assets			
- Investments	14,586,883	-	-
- Derivative financial instruments	10,170,326	220,423	-
- Other liquid assets	136,654	66,890	-

Units are redeemed on demand at the holder's option.

As at 27th September 2022 (date of termination), there were no (as at 31st December 2021: 4) unitholder holding more than 10% of the total net assets of the Sub-Fund.

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(g) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly trading derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The Sub-Fund utilizes the last traded market price for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Sub-Fund uses a variety of methods and make assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as spot/forward foreign exchange contracts, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Fund for similar financial instruments.

HKFRS 13 requires the Sub-Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(g) Fair value estimation (Continued)

The determination of what constitutes 'observable' requires significant judgment by the Sub-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The Sub-Fund disposed of all investments and did not hold any investments as at 27th September 2022 (date of termination).

The following table analyzes within the fair value hierarchy the Sub-Fund's investments and derivative financial instruments (by class) measured at fair value at 31st December 2021:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
At 31st December 2021				
Assets				
- Derivative financial instruments				
- Listed bond futures	24,463	-	-	24,463
- Quoted forward foreign exchange contracts	-	156,989	-	156,989
- Quoted spot foreign exchange contracts	-	2	-	2
- Quoted debt securities	-	14,586,883	-	14,586,883
Total assets	<u>24,463</u>	<u>14,743,874</u>	<u>-</u>	<u>14,768,337</u>
Liabilities				
- Derivative financial instruments				
- Listed bond futures	2,559	-	-	2,559
- Quoted forward foreign exchange contracts	-	6,232	-	6,232
- Quoted spot foreign exchange contracts	-	52	-	52
Total liabilities	<u>2,559</u>	<u>6,284</u>	<u>-</u>	<u>8,843</u>

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(g) Fair value estimation (Continued)

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include actively traded listed derivatives. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include debt securities, money market instruments and derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31st December 2021, the Sub-Fund did not hold any investments classified in level 3. As of 27th September 2022 (date of termination), the Sub-Fund did not hold any investment.

There is no transfer between levels for the period ended 27th September 2022 (date of termination) and year ended 31st December 2021. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

Assets and liabilities included in the statement of net assets, except for investments and derivative financial instruments, are carried at amortized cost; their carrying values are a reasonable approximation of fair value as at 27th September 2022 (date of termination) and 31st December 2021.

(h) Capital risk management

The capital of the Sub-Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Sub-Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Sub-Fund's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Sub-Fund.

In order to maintain or adjust the capital structure, the Sub-Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Sub-Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

7 Transaction costs

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. The details of transaction costs are shown below:

	For the period from 1st January 2022 to 27th September 2022 (date of termination) US\$	For the year ended 31st December 2021 US\$
Broker commission	398	346
	<u>398</u>	<u>346</u>

8 Derivative financial instruments

The Sub-Fund disposed all of derivatives instruments and did not hold any derivative financial instruments as at 27th September 2022 (date of termination).

As at 31st December 2021, the details of the derivatives were listed in the below table

	At 31st December 2021	
	US\$	% of net assets
Derivative financial instruments		
- Listed bond futures	24,463	0.17
- Quoted forward foreign exchange contracts	156,989	1.05
- Quoted spot foreign exchange contracts	2	0.00
	<u>181,454</u>	<u>1.22</u>
Total derivative financial instruments - assets	<u>181,454</u>	<u>1.22</u>
- Listed bond futures	(2,559)	(0.02)
- Quoted forward foreign exchange contracts	(6,232)	(0.04)
- Quoted spot foreign exchange contracts	(52)	(0.00)
	<u>(8,843)</u>	<u>(0.06)</u>
Total derivative financial instruments - liabilities	<u>(8,843)</u>	<u>(0.06)</u>

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

8 Derivative financial instruments (Continued)

The details of outstanding forward foreign exchange contracts as at year end for the Sub-Fund were as follows:

Contract to deliver	In exchange for	Settlement date	Fair value US\$
Financial assets			
AUD364,000	USD270,581	7-Jan-2022	5,875
CAD366,000	USD294,226	7-Jan-2022	4,511
DKK380,000	USD59,228	7-Jan-2022	1,129
EUR4,808,000	USD5,573,625	7-Jan-2022	105,089
GBP14,000	USD19,194	7-Jan-2022	228
GBP437,000	USD596,329	7-Jan-2022	4,324
JPY261,071,000	USD2,293,343	7-Jan-2022	26,498
JPY5,600,000	USD49,010	7-Jan-2022	386
JPY500,000	USD4,350	7-Jan-2022	8
PLN56,000	USD14,099	7-Jan-2022	212
SEK318,000	USD37,148	7-Jan-2022	2,033
USD14,741	EUR13,000	4-Feb-2022	51
USD142,770	EUR126,000	4-Feb-2022	593
Closed but not yet settled contracts			
AUD15,000	USD11,287	7-Jan-2022	381
AUD3,000	USD2,230	7-Jan-2022	49
EUR10,000	USD11,592	7-Jan-2022	221
EUR25,000	USD28,981	7-Jan-2022	551
EUR45,000	USD52,166	7-Jan-2022	992
EUR9,000	USD10,433	7-Jan-2022	198
GBP70,000	USD95,522	7-Jan-2022	710
JPY3,000,000	USD26,353	7-Jan-2022	301
USD11,342	EUR10,000	7-Jan-2022	30
USD22,535	EUR20,000	7-Jan-2022	209
USD50,784	EUR45,000	7-Jan-2022	390
USD92,792	GBP70,000	7-Jan-2022	2,020
			<hr/>
			156,989
			<hr/>
Financial liabilities			
AUD14,000	USD10,178	4-Feb-2022	(4)
AUD147,000	USD106,052	7-Jan-2022	(848)
AUD20,000	USD14,541	4-Feb-2022	(4)
AUD300,000	USD217,428	7-Jan-2022	(737)
EUR28,000	USD31,564	7-Jan-2022	(282)
GBP14,000	USD18,537	7-Jan-2022	(429)
MXN900,000	USD42,704	7-Jan-2022	(1,233)
PLN100,000	USD23,891	7-Jan-2022	(908)
USD37,552	EUR33,000	4-Feb-2022	(4)
Closed but not yet settled contracts			
EUR20,000	USD22,546	7-Jan-2022	(198)
USD10,434	EUR9,000	7-Jan-2022	(199)
USD11,273	AUD15,000	7-Jan-2022	(367)
USD2,255	AUD3,000	7-Jan-2022	(73)
USD26,457	JPY3,000,000	7-Jan-2022	(405)
USD28,971	EUR25,000	7-Jan-2022	(541)
			<hr/>
			(6,232)
			<hr/>

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

8 Derivative financial instruments (Continued)

The details of outstanding spot foreign exchange contracts as at year end for the Sub-Fund were as follows:

As at 31st December 2021

Contract to deliver	In exchange for	Settlement date	Fair value US\$
<u>Financial assets</u>			
USD10,177	AUD14,000	4-Jan-2022	2
			<u>2</u>
<u>Financial liabilities</u>			
EUR13,000	USD14,732	4-Jan-2022	(52)
			<u>(52)</u>

The details of bond futures contracts as at year end for the Sub-Fund were as follows:

As at 31st December 2021

Contract size	Notional amount	Description	Position	Counter party	Fair value US\$
<u>Financial assets</u>					
1	1,000	EURO-BUND FUTURE MAR22 08/03/2022	Short	Goldman Sachs International	3,616
1	1,000	EURO-BUXL 30Y BND MAR22 08/03/2022	Short	Goldman Sachs International	12,646
2	2,000	LONG GILT FUTURE MAR22 29/03/2022	Short	Goldman Sachs International	6,420
2	2,000	US 10YR ULTRA FUT MAR22 22/03/2022	Short	Goldman Sachs International	1,781
					<u>24,463</u>
<u>Financial liabilities</u>					
4	400,000	AUST 10Y BOND FUT MAR22 15/03/2022	Long	Goldman Sachs International	(2,535)
1	2,000	US 2YR NOTE (CBT) MAR22 31/03/2022	Long	Goldman Sachs International	(24)
					<u>(2,559)</u>

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

9 Cash flows from operating activities

	For the period from 1st January 2022 to 27th September 2022 (date of termination) US\$	For the year ended 31st December 2021 US\$
Cash flows from operating activities		
Total comprehensive income	(1,251,502)	(479,255)
Adjustments:		
Bank interest income	(575)	(27)
Interest income on investments	(21,036)	(104,670)
Withholding tax on investment income	(181)	181
Bank interest expenses	242	458
	<hr/>	<hr/>
Operating loss before changes in working capital	(1,273,052)	(583,313)
Net decrease in investments	14,586,883	1,106,552
Net decrease/(increase) in derivative financial instruments-assets	181,454	(163,664)
Net decrease in derivative financial instruments-liabilities	(8,843)	(223,131)
Decrease in margin deposits	66,890	291,716
Increase in other accounts receivable	(93)	-
(Increase)/decrease in amounts due from brokers	(712,656)	373,400
Increase/(decrease) in other payable and accrued expenses	77,104	(1,211)
Bank and investment interest income received, net of withholding tax paid	89,163	141,921
Bank interest expenses paid	(242)	(458)
	<hr/>	<hr/>
Net cash inflow from operating activities	13,006,608	941,812
	<hr/>	<hr/>

10 Margin deposits

As at 27th September 2022 (date of termination), the Sub-Fund does not have any margin deposits. As at 31st December 2021, the Sub-Fund has margin deposits with Goldman Sachs International as collateral for trading the futures contracts.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

11 Net losses on investments and derivative financial instruments

	For the period from 1st January 2022 to 27th September 2022 (date of termination) US\$	For the year ended 31st December 2021 US\$
Net realised (losses)/gains on sales of investments and derivative financial instruments	(1,105,142)	774,615
Change in unrealised gains/losses in value of investments and derivative financial instruments	(139,509)	(1,198,076)
Net losses on investments and derivative financial instruments	<u>(1,244,651)</u>	<u>(423,461)</u>

12 Transactions with related parties and connected persons

In addition to those disclosed in note 4 and note 6(d), the Sub-Fund had the following transactions with related parties and connected persons. Connected Persons of the Manager, the investment delegate, Trustee/Custodian, Directors of the Sub-Fund are those as defined in the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong. All such transactions were entered into in the ordinary course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund do not have any other transactions with connected persons except for those disclosed:

- (a) AXA China Region Insurance Co. (Bermuda) Limited, a fellow subsidiary of the Manager, held units of the Sub-Fund as at 27th September 2022 (date of termination) and 31st December 2021 as follows:

	Units outstanding on 1st January Units	Units subscribed during the year Units	Units redeemed during the year Units	Units outstanding on 31st December Units
2022	8,898	2	(8,900)	-
2021	10,683	3	(1,788)	8,898

During the period from 1st January 2022 to 27th September 2022 (date of termination), AXA China Region Insurance Co. (Bermuda) Limited invested into the Sub-Fund with subscription of US\$47 (year ended 31st December 2021: US\$58) and redemption of US\$185,787 (year ended 31st December 2021: US\$40,437). As at 27th September 2022 (date of termination), AXA China Region Insurance Co. (Bermuda) Limited invested US\$Nil (year ended 31st December 2021: US\$196,060) into the Sub-Fund.

During the period from 1st January 2022 to 27th September 2022 (date of termination) and year ended 31st December 2021, AXA China Region Insurance Co. (Bermuda) Limited entitled to profit from transaction in units of the Sub-Fund was US\$38,536 (year ended 31st December 2021: US\$10,864).

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

12 Transactions with related parties and connected persons (Continued)

- (b) AXA Balanced Fund, a fund managed by the Manager, held units of the Sub-Fund as at 27th September 2022 (date of termination) and 31st December 2021 as follows:

	Units outstanding on 1st January	Units subscribed during the year	Units redeemed during the year	Units outstanding on 31st December
	Units	Units	Units	Units
2022	107,371	21,843	(129,214)	-
2021	112,886	2,690	(8,205)	107,371

During the period from 1st January 2022 to 27th September 2022 (date of termination), AXA Balanced Fund invested into the Sub-Fund with subscription of US\$466,785 (year ended 31st December 2021: US\$60,600) and redemption of US\$2,571,256 (year ended 31st December 2021: US\$181,437). As at 27th September 2022 (date of termination), AXA Balanced Fund invested US\$Nil (year ended 31st December 2021: US\$2,365,918) into the Sub-Fund.

During the period from 1st January 2022 to 27th September 2022 (date of termination), AXA Balanced Fund entitled to loss from transaction in units of the Sub-Fund was US\$34,903 (year ended 31st December 2021: profit of US\$17,952).

- (c) AXA Capital Growth Fund, a fund managed by the Manager, held units of the Sub-Fund as at 27th September 2022 (date of termination) and 31st December 2021 as follows:

	Units outstanding on 1st January	Units subscribed during the year	Units redeemed during the year	Units outstanding on 31st December
	Units	Units	Units	Units
2022	146,408	22,852	(169,260)	-
2021	154,803	-	(8,395)	146,408

During the period from 1st January 2022 to 27th September 2022 (date of termination) and year ended 31st December 2021, AXA Capital Growth Fund invested into the Sub-Fund with subscription of US\$488,347 (year ended 31st December 2021: US\$Nil) and redemption of US\$3,454,152 (year ended 31st December 2021: US\$185,463). As at 27th September 2022 (date of termination), AXA Capital Growth Fund invested US\$Nil (year ended 31st December 2021: US\$3,226,107) into the Sub-Fund.

During the period from 1st January 2022 to 27th September 2022 (date of termination), AXA Capital Growth Fund entitled to profit from transaction in units of the Sub-Fund was US\$414,763 (year ended 31st December 2021: US\$39,187).

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

12. Transactions with related parties and connected persons (Continued)

- (d) AXA Capital Stable Fund, a fund managed by the Manager, held units of the Sub-Fund as at 27th September 2022 (date of termination) and 31st December 2021 as follows:

	Units outstanding on 1st January Units	Units subscribed during the year Units	Units redeemed during the year Units	Units outstanding on 31st December Units
2022	260,974	-	(260,974)	-
2021	273,963	-	(12,989)	260,974

During the period from 1st January 2022 to 27th September 2022 (date of termination), AXA Capital Stable Fund invested into the Sub-Fund with subscription of US\$Nil (year ended 31st December 2021: US\$Nil) and redemption of US\$5,484,280 (year ended 31st December 2021: US\$287,063). As at 27th September 2022 (date of termination), AXA Capital Stable Fund invested US\$Nil (31st December 2021: US\$5,750,553) into the Sub-Fund.

During the period from 1st January 2022 to 27th September 2022 (date of termination), AXA Capital Stable Fund entitled to profit from transaction in units of the Sub-Fund was US\$652,342 (year ended 31st December 2021: US\$46,571).

- (e) AXA Growth Fund, a fund managed by the Manager, held units of the Sub-Fund as at 27th September 2022 (date of termination) and 31st December 2021 as follows:

	Units outstanding on 1st January Units	Units subscribed during the year Units	Units redeemed during the year Units	Units outstanding on 31st December Units
2022	5,953	36,061	(42,014)	-
2021	5,953	-	-	5,953

During the period from 1st January 2022 to 27th September 2022 (date of termination), AXA Growth Fund invested into the Sub-Fund with subscription of US\$770,624 (year ended 31st December 2021: US\$Nil) and redemption of US\$824,003 (year ended 31st December 2021: US\$Nil). As at 27th September 2022 (date of termination), AXA Growth Fund invested US\$Nil (year ended 31st December 2021: US\$131,167) into the Sub-Fund.

During the period from 1st January 2022 to 27th September 2022 (date of termination), AXA Growth Fund entitled to loss from transaction in units of the Sub-Fund was US\$72,295 (year ended 31st December 2021: US\$Nil).

- (f) As at 27th September 2022 (date of termination) and 31st December 2021, the Sub-Fund placed bank deposit of US\$7,290 (31st December 2021: US\$69,195) and bank overdraft of US\$599,668 (31st December 2021: US\$Nil) with The Hongkong and Shanghai Banking Corporation Limited, the holding company of the Trustee as stated in the statement of net assets.
- (g) During the period from 1st January 2022 to 27th September 2022 (date of termination), the Sub-Fund earned interest income on bank deposits amounted to US\$575 (year ended 31st December 2021: US\$27) from The Hongkong and Shanghai Banking Corporation Limited, the holding company of the Trustee as stated in the statement of comprehensive income.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

12 Transactions with related parties and connected persons (Continued)

- (h) During the period from 1st January 2022 to 27th September 2022 (date of termination) and year ended 31st December 2021, the Sub-Fund had the following transactions with the Trustee:

	For the period from 1st January 2022 to 27th September 2022 (date of termination) US\$	For the year ended 31st December 2021 US\$
Accounting fee (Note (i))	4,500	7,750
Custodian fee and bank charges (Note (ii))	1,995	3,664
Out-of-pocket expenses	526	1,700
Transaction handling fee	1,005	1,770
Transfer agent transaction fee	700	1,375
Interest expense	242	201
SFC reporting fee	2,392	2,267
Sub-Custodian transaction fee	10,440	11,510
Taxation service charges (Note (iii))	3,150	3,450

(i) Accounting fee relates to preparation of annual and interim reports.

(ii) Custodian fee relates to safekeeping of investments.

(iii) Taxation service charges relates to the taxation services provided by the Trustee.

The above fees were included in "other operating expenses", "custodian fee and bank charges" and "bank interest expenses" in the statement of comprehensive income.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

NOTES TO THE FINANCIAL STATEMENTS

12 Transactions with related parties and connected persons (Continued)

- (i) The Sub-Fund received the brokerage services provided by HSBC Continental Europe (year ended 31st December 2021: HSBC Bank Plc and HSBC Continental Europe) for the purchases and sales of investments during the period from 1st January 2022 to 27th September 2022 (date of termination) and year ended 31st December 2021. Details of the transactions are summarised below.

	Aggregate value of transactions US\$	% of total transactions	Total brokerage commission paid US\$	Average rate of commission
<u>HSBC Bank Plc</u>				
For the period from 1st January 2022 to 27th September 2022 (date of termination)	-	-	-	-
31st December 2021	416,262	1.81%	-	-
<u>HSBC Continental Europe</u>				
For the period from 1st January 2022 to 27th September 2022 (date of termination)	182,524	0.75%	-	-
31st December 2021	118,401	0.52%	-	-

- (j) During the period from 1st January 2022 to 27th September 2022 (date of termination) and year ended 31st December 2021, the Sub-Fund entered into spot foreign exchange contracts and forward foreign exchange contracts with HSBC Continental Europe (year ended 31st December 2021: HSBC Continental Europe), a related company of the Trustee. Details of the total transactions in notional amounts are summarized below.

	Buy US\$	Sell US\$
<u>HSBC Continental Europe</u>		
For the period from 1st January 2022 to 27th September 2022 (date of termination)	31,734,982	32,386,680
31st December 2021	56,061,434	56,270,344

**AXA USD-HEDGED GLOBAL BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

12 Transactions with related parties and connected persons (Continued)

- (k) As refer to Note 1, all costs and expenses relating to the termination of the Sub-Fund and the subsequent withdrawal of SFC authorization of the Sub-Fund and Fund will be borne by the Manager. During the period from 1st January 2022 to 27th September (date of termination), the termination expenses borne and payable by the Manager are as follows:

	For the period from 1st January 2022 to 27th September 2022 (date of termination) US\$
Transfer agent transaction fee	200
Auditor's remuneration	19,108
Transaction handling fee	675
Sub-custodian transaction fee	9,720
Termination fee	10,000
Others	70
	<hr/> <hr/>

- (l) As at 27th September 2022 (date of termination), the other payables amounted to US\$100,000 (31st December 2021: US\$Nil) is due to the Manager.

13 Soft commission arrangements

During the period from 1st January 2022 to 27th September (date of termination) and year ended 31st December 2021, the Manager and its connected persons did not enter into any soft commission arrangements with brokers relating to dealing in the assets of the Sub-Fund.

14 Subsequent events

Subsequent to the period from 1st January 2022 to 27th September 2022 (date of termination), amounts payable on redemption of USD2,421 had been fully settled on 18th October 2022.

15 Approval of financial statements

The financial statements were approved for issue by the Trustee and the Manager on 16th January 2023.

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 27TH SEPTEMBER 2022 (DATE OF TERMINATION)

The Sub-Fund did not hold any investments as at 27th September 2022 (date of termination).

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED)

FOR THE PERIOD FROM 1ST JANUARY 2022 TO 27TH SEPTEMBER 2022 (DATE OF TERMINATION)

The Sub-Fund did not hold any investments as at 27th September 2022 (date of termination).

	Percentage Holdings of Net Assets
	2021
INVESTMENTS	%
LISTED DEBT SECURITIES	
Australia	3.96
Austria	0.88
Belgium	1.57
Canada	1.88
Denmark	0.37
Finland	0.14
France	7.60
Germany	7.81
Great Britain	4.07
Ireland	0.66
Italy	8.60
Japan	15.47
Mexico	1.43
Netherlands	1.31
Poland	0.25
Spain	5.26
Supra-National	0.23
USA	36.26
TOTAL INVESTMENTS	97.75
BOND FUTURES	0.15
FORWARD FOREIGN EXCHANGE CONTRACTS	1.01
SPOT FOREIGN EXCHANGE CONTRACTS	0.00
TOTAL INVESTMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS	98.91

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)

AS AT 27TH SEPTEMBER 2022 (DATE OF TERMINATION)

The Sub-Fund did not hold any financial derivatives as at 27th September 2022 (date of termination).

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

**INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS
(UNAUDITED)**

**FOR THE PERIOD FROM 1ST JANUARY 2022 TO 27TH SEPTEMBER 2022 (DATE OF
TERMINATION)**

The lowest, highest and average gross exposure arising from the use of financial derivative instruments for any purpose as a proportion to the Sub-Fund's total net asset value for the period from 1st January to 27th September 2022 (date of termination).

	% of NAV
Lowest gross exposure	-
Highest gross exposure	220.80
Average gross exposure	95.21

The lowest, highest and average net exposure arising from the use of financial derivative instruments for investment purpose as a proportion to the Sub-Fund's total net asset value for the period from 1st January to 27th September 2022 (date of termination).

	% of NAV
Lowest net exposure	-
Highest net exposure	73.86
Average net exposure	8.95

**AXA USD-HEDGED GLOBAL BOND FUND
(A SUB-FUND OF AXA FIXED INCOME FUND)**

GENERAL INFORMATION

Manager

AXA Investment Managers Asia Limited

Suites 3603-05, 36/F, One Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

Sub-Investment Manager

AXA Investment Managers Paris

Tour Majunga, La Défense 9, 6, Place de la Pyramide, 92800 Puteaux, France

Directors of the Manager

AXA Investment Managers Asia Limited

James Christopher Veneau (resigned on 1st September 2022)
Jean-Christophe Menioux (resigned on 1st September 2022)
Kevin Tse (appointed on 1st September 2022)
Laurent Michel Werner Caillot (appointed on 1st September 2022)
Julian McKenzie
Lam Chung Han, Terence

Trustee and Registrar

HSBC Institutional Trust Services (Asia) Limited

1 Queen's Road Central, Hong Kong

Auditor

PricewaterhouseCoopers

22nd Floor, Prince's Building, Central, Hong Kong

Status of the Sub-Fund

As at 27th September 2022, the Sub-Fund was authorized by the Securities and Futures Commission in Hong Kong. Investors should note that such authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. In addition, the price of units and the performance of investments may go down as well as up and that past performance may not be indicative of future performance. The authorization of the Sub-Fund by the Securities and Futures Commission of Hong Kong was withdrawn effective from 30th November 2022.

Legal Adviser

Deacons

5th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong

AXA Investment Managers Asia Limited

For further information on AXA Investment Managers Asia Limited, please contact customer service hotline at (852) 2285 2000.