

AXA WF US Credit Short Duration IG UF USD

Fund Manager's Comment

During June, risk assets saw another positive month, despite volatility around trade agreements, the reconciliation bill and the Fed. Regarding trade, Trump asked for "best and final" offers at the start of June, although June closed with no trade deals signed; however, Trump officials suggested that the July 9th deadline was not critical, and negotiations could extend past that point. Trade talks between the US and China continued to improve. Additionally, there were geopolitical tensions in the Middle East, as Israel launched a series of attacks against Iran and the US later got involved and bombed key Iranian nuclear sites. A ceasefire between Iran and Israel occurred toward the end of the month. The GOP's reconciliation bill is close to a resolution following a fairly volatile month of negotiations. Fed headlines were also volatile, including those on both hawkish and dovish sides. The June FOMC meeting ended with no change to the fed funds rate, as expected. Treasuries were firmer across the curve, with 2-year yields dropping -18bps to 3.72% and 10-year yields falling -17bps to 4.23%. US equities were higher this month, with the S&P 500 up for a second-straight month, hitting new record highs toward the end of the month and returning +5.09%. US IG and US HY indices posted total returns of +1.87% and +1.86%, respectively. US IG spreads tightened -5bps.

Primary issuance in June totaled \$149.2bn, which was above the 5-year average of \$116bn and the initial forecast of ~\$100bn. New issuance during the month was led by Industrials which accounted for \$50.9bn (34%) of issuance, while Financials issued \$44.9bn (30.1%) and Utilities issued \$5.8bn. In 1H25, the average maturity of new IG issuance was 9 years, lower than 10.3 years in 1H24. M&A funding increased to \$13bn in June after two lighter months in May and April; however, it still remains significantly below the \$50bn M&A issuance from March where we had larger deals (i.e. Mars issuing for Kellanova), as the M&A backdrop continues to remain uncertain. In 1H25, M&A issuance accounts for \$95bn, down 10% from 2024. The consumer sector accounts for \$30bn (31%) of M&A issuance. New issue supply for July is projected to be ~\$100bn, which is slightly above the 5-year average of \$96bn.

Industrials (+32bps excess return) underperformed Financials (+42bps excess return) and Utilities (+52bps) in June. BBB-rated credits (+46bps excess return) outperformed A-rated credits (+36bps) and AA-rated credits (+8bps). The best performing sectors were Independents (+108bps excess return), Health Insurance (+95bps), Oil Field Services (+93bps), Midstream (+80bps) and Refining (+80bps), while the worst performing sectors were Media Entertainment (-265bps), Construction Machinery (+7bps) and Retailers (+10bps).

In June, the AXA WF US Credit Short Duration Fund outperformed its performance indicator, the ICE BofA Merrill Lynch 1-3 Year US Corporate Index (both net-of-fees and gross-of-fees, USD). The main driver of performance was positive security selection, particularly in the Media, Healthcare, and Energy sectors, offset slightly by negative performance in the Insurance sector. Duration effect, yield curve effect and sector allocation all had a neutral contribution on performance. The index posted +73bps of total return for the month as 2-year US treasury yields tightened -18bps to 3.72%. The index posted +14bps of excess return as credit spreads tightened. The index's average OAS was -6bps tighter and ended the month at +54bps. The fund aims to maintain a yield advantage relative to the performance indicator (4.54% yield to worst relative to 4.39%).

The outlook for the US Investment Grade market is neutral as uncertain trade policy influences risk sentiment while yields may benefit from lower benchmark rates. Macro remains supportive as ultimate tariff impacts have yet to be seen and corporate fundamentals have been stable. Valuations have been running at the lower end of the range but may see increased volatility on ultimate trade policy. Technicals have been decent with supply running slightly ahead of last year's run rate and expected to be down on a net basis for the year, while flows have been positive but may get tested with upcoming volatility. Within sectors, we are overweight Financials and Telecommunications and underweight Technology & Electronics, Consumer Goods, Basic Industry and Retail.

Benchmark

The fund doesn't have a benchmark.

The Fund is actively managed without reference to any benchmark.

Fund Profile

ESG Rating



% of AUM covered by ESG absolute rating: Portfolio = 72.1% (not meaningful for coverage below 50%)

For more information about the methodology, please read the section 'ESG Metrics Definition' below

Fund Manager

Frank OLSZEWSKI

Guillaume ARNOULD - Co-Manager

Additional Information

Administration: UF USD

Legal form	SICAV
UCITS Compliant	Yes
AIF Compliant	No
Legal country	Luxembourg
1st NAV date	01/07/2024
Fund currency	USD
Shareclass currency	USD
Valuation	Daily
Share type	Accumulation
ISIN code	LU2819793881
Transaction costs	0.03%
Ongoing charges	0.19%
Financial management fees	0.07%
Performance fees : none	
Minimum initial subscription	30 000 000 USD
Management company	AXA INVESTMENT MANAGERS PARIS SA
(Sub) Financial delegation	AXA Investment Manager US Inc
Delegation of account administration	State Street Bank International GmbH (Luxembourg Branch)
Custodian	State Street Bank International GmbH (Luxembourg Branch)

As disclosed in the most recent Annual Report, the ongoing charges calculation excludes performance fees, but includes management and applied services fees. The effective Applied Service Fee is accrued at each calculation of the Net Asset Value and included in the ongoing charges of each Share Class. The investment will be reduced by the payment of the above mentioned fees.

Fund Objectives

The Sub-Fund's investment objective is to seek performance by investing in investment grade corporate debt securities in USD over a medium term period.

Investment Horizon

The risk and the reward of the product may vary depending on the expected holding period. We recommend holding this product at least for 2 years.

Risk Indicator

The information shown below is from the KID PRIIPS.



The risk indicator assumes you keep the product for 2 years.

The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 2 out of 7 which is the a low risk class. This rates the potential losses from future performance at a low level. The risk category associated to this product was determined based on past observations, it is not guaranteed and can evolve in the future.

Be aware of currency risk. You will receive payments in a different currency, so the final return you will get depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Other risks not included in the Summary risk indicator can be materially relevant, such as counterparty risk. For further information, please refer to the prospectus.

This product does not include any protection from future market performance so you could lose some or all of your investment.

Subscription Redemption

The subscription, conversion or redemption orders must be received by the Registrar and Transfer Agent on any Valuation Day no later than 3 p.m. Luxembourg time. Orders will be processed at the Net Asset Value applicable to such Valuation Day. The investor's attention is drawn to the existence of potential additional processing time due to the possible involvement of intermediaries such as Financial Advisers or distributors. The Net Asset Value of this Sub-Fund is calculated on a daily basis.

Additional Information (Continued)

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Retail Investors

Retail investors should contact their Financial intermediary.

ESG Metrics Definition

Our approach to ESG measurement seeks to combine qualitative and quantitative techniques. The tree rating shown in this report is a simple pictorial representation of the overall ESG rating of the fund's portfolio. A fund which has 1 tree has a poor ESG rating, whereas a fund with 5 trees has a high ESG rating. For more information on our ESG standards, approach and methodology please visit: Putting ESG to work | AXA IM Core (axa-im.com).

ESG indicators are for informational purposes only.

The portfolio has a contractual objective on one or more ESG indicators.

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Additional Information (Continued)

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Additional Information (Continued)

<https://www.axa-im.com/important-information/summary-investor-rights>.

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