

AXA WF US Credit Short Duration IG UA USD

Fund Manager's Comment

March was a volatile, risk-off month across markets, driven largely by geopolitical tensions and persistent inflation concerns. The market spent most of the month focused on the Iran conflict and investors grappled with the resulting oil shock, as well as reduced expectations for near-term rate cuts which all weighed on sentiment. With the closure of the Strait of Hormuz there was a significant impact to the downside on global LNG capacity, driving oil past \$100/bbl and approximately 20M bpd of crude and refined products has been removed from global trade. Markets shifted away from aggressive Fed easing expectations, yields rose sharply, and the curve flattened as markets priced in a higher-for-longer interest rate environment. March FOMC announcement was more hawkish, and the Fed held rates at 3.50-3.75%. During the month, the 2yr rose +41bps to 3.79% and the 10yr yield climbed into the mid-4% range, increasing +38bps to 4.32%. March jobs report surprised to the upside (~178K jobs) and economic data remains mostly strong. Overall, stocks declined despite a sharp rally at month end, with the S&P 500 returning -4.98%. With this volatile backdrop, US IG returned -1.98%, underperforming US HY which returned -1.19% during the month. US IG spreads widened +4bps.

Primary issuance in March totaled \$228bn, in-line with the initial forecast of ~\$200-250bn, and ahead of the 5-yr average of \$176bn. During the month, issuance was led by Industrials once again, issuing \$154bn (68%). Financials issued \$46bn (20%) and Utilities issued \$20bn, followed by non-corporates at \$8bn. High quality issuance rose in March with AA-rated issuance at \$58bn, the second highest on record behind January 2008. In Industrials, issuance was led by the Tech sector (\$72bn total, driven by \$37bn from AMZN). M&A was once again active in March with 7 deals accounting for \$55bn. New issue supply for April is projected to be \$100bn, mostly in-line of the 5-year average of \$104bn. For 1Q26, issuance is running ahead of expectations by +17% y/y.

Utilities (+2bps excess return) outperformed both Industrials (-4bps excess return) and Financials (-18bps) in March. AA-rated credits (+5bps excess return) outperformed A-rated credits (-6bps) and BBB-rated credits (-18bps). The best performing sectors were Chemicals (+42bps excess return), Life Insurance (+36bps), P&C (+29bps), Pharmaceuticals (+25bps) and Integrated (+25bps) while the worst performing sectors were Leisure (-136bps), Automotive (-55bps), Home Construction (-54bps) and Paper (-50bps).

In March, the AXA WF US Credit Short Duration Fund slightly outperformed its performance indicator, the ICE BofA Merrill Lynch 1-3 Year US Corporate Index (gross-of-fees, USD). The main driver of performance was positive security selection, particularly in the Banking, Insurance, Energy and Healthcare sectors. Duration effect also had a slightly positive contribution to performance. Yield curve effect contributed slightly negatively to performance, while sector allocation had a neutral contribution. The index posted -51bps of total return for the month as the 2-year US treasury yield increased +41bps to 3.79%. The index posted -15bps of excess return as credit spreads widened. The index's average OAS was +10bps wider and ended the month at +64bps. The fund maintains a mild yield advantage relative to the performance indicator (4.53% yield to worst relative to 4.49%).

The outlook for the US Investment Grade market remains neutral. The Macro is neutral as the US economy continues to show resilience; however, significant tail risks now exist due to the conflict in Iran and ultimately its severity and duration. Fed easing has been pushed out and is less certain as the energy shock impacts inflation. Corporate fundamentals remain strong and are not exhibiting late cycle leverage concerns. On Valuation, absolute yields remain attractive, while spreads remain at the tighter end. Sentiment has taken a more negative tone due to the geopolitical uncertainty, the Iran conflict and resulting energy shock. Technicals remain supportive. Supply remains very well digested as flows continue into the asset class and reflect strong interest from yield-base buyers. The primary market is running well above expectations at +17% y/y, influenced by M&A deals and the AI hyperscaler capex boom. Within sectors, we are overweight Financials, Healthcare and Telecommunications and underweight Technology & Electronics, Automotive, Basic Industry and Consumer Goods.

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 = 97.7% (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: UA 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	LU2819793378
Maximum initial fees	2%
Transaction costs	0.03%
Ongoing charges	0.35%
Financial management fees	0.23%
Maximum management fees	0.75%
Performance fees : none	
Management company	BNP PARIBAS ASSET MANAGEMENT EUROPE SAS
(Sub) Financial delegation	AXA INVESTMENT MANAGERS US INC.
Delegation of account administration	State Street Bank International GmbH (Luxembourg Branch)
Custodian	State Street Bank International GmbH (Luxembourg Branch)

The actual costs can be found in the annual reports and are deducted each time the net asset value is calculated. The value of the investment is reduced by these costs. 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

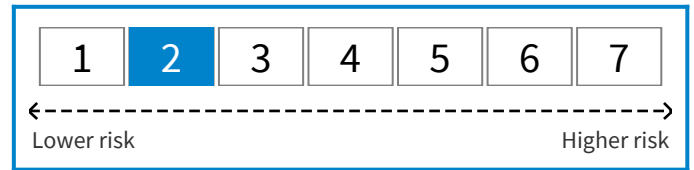
The Sub-Fund's investment objective is to seek performance by investing in investment grade corporate debt securities in USD over a medium term period.

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 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 \(axa-im.com\)](http://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)

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