

AXA WF US Credit Short Duration IG UA USD

Fund Manager's Comment

Following on the rally from April, risk assets were stronger again during the month of May. Equity markets hit record highs during the month. The US and Iran conflict remained unresolved but was mostly in status quo during the month. Additionally, inflation worries continue, with pricing pressures evident given elevated energy prices and hotter economic data such as April Core CPI. Fed policy makers noted inflationary pressures and uncertainty about the Iran conflict as potential drivers for tighter policy. Kevin Warsh replaced Jerome Powell as Fed chair during the month. Treasuries were mostly weaker during May, with the 2-year yield rising +13bps to 4% and the 30-year yield closing flat at 4.96%, while also hitting 5.22% on May 19th. With this backdrop, US IG returned +0.76%, outperforming US HY (+0.49%), but underperforming the S&P 500 (+5.26%). US IG spreads tightened -7bps during May.

Primary issuance in May totaled \$205bn, above the initial forecast of \$175bn, and ahead of the 5-yr average of \$138bn. During the month, issuance was led by Industrials, issuing \$77bn (38%), as companies reported earnings and came out of blackout periods. Financials issued \$66bn (32%), non-corporates issued \$43bn and Utilities issued \$19bn. Issuance has been at record or near record every month of 2026. YTD supply is running at a record pace of \$1.1trn, up 20% y/y. M&A funding increased again during May, with 6 issuers accounting for \$26bn, up from \$6bn in April. YTD M&A supply is \$136bn. Also interestingly, non-USD issuance by US issuers was \$38bn during the month, driven by AI hyperscalers tapping non-USD currencies (i.e. GOOGL issuing ~\$3bn in JPY and ~\$6bn in the CAD market and AMZN issuing ~\$3bn in CHF). New issue supply for May is projected to be \$135bn, ahead of the 5-year average of \$103bn.

Industrials (+62bps excess return) outperformed both Utilities (+56bps excess return) and Financials (+46bps) in May. BBB-rated credits (+64bps excess return) outperformed A-rated credits (+44bps) and AA-rated credits (+21bps). The best performing sectors were Leisure (+114bps excess return), Wirelines (+95bps), Technology (+84bps), Independents (+82bps) and Life Insurers (+81bps) while the worst performing sector was Construction Machinery (+16bps).

In May, the AXA WF US Credit Short Duration Fund outperformed its performance indicator, the ICE BofA Merrill Lynch 1-3 Year US Corporate Index (gross-of-fees, USD) and underperformed the performance indicator on net-of-fees, USD. Security selection contributed positively to performance, particularly in the Capital Goods, Energy and Healthcare sectors. Duration effect also had a slightly positive contribution to performance. Sector allocation and yield curve effect had a neutral contribution to performance. The index posted +32bps of total return for the month as the 2-year US treasury yield increased +13bps to 4%. The index posted +20ps of excess return as credit spreads tightened. The index's average OAS was -8bps tighter and ended the month at +49bps. The fund maintains a mild yield advantage relative to the performance indicator (4.55% yield to worst relative to 4.51%).

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 been positive despite the geopolitical uncertainty, the Iran conflict and risk of 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 above expectations, influenced by M&A deals and the AI hyperscaler capex boom. Within sectors, we are overweight Healthcare and Telecommunications and underweight Technology & Electronics, Automotive, Basic Industry and Capital 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 = 99.7% (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

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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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