

AXA WF US Credit Short Duration IG UA USD

Fund Manager's Comment

In February, performance for risk assets was weaker, primarily driven by continued pressure on big tech amid AI worries, with new headlines around capabilities in AI that could drive white-collar job destruction. Additionally, we saw pressure in financials, particularly in insurance and private credit as these subsectors were also under pressure from AI disruption. In contrast, there were some positive economic signals in the markets, such as strong January payroll numbers and solid earnings; however, debate continues about the path forward for monetary policy. The market is still pricing in two 25bp cuts this year, with the first likely in June. Treasuries were firmer and the curve flattened, with the yield on the 2-year decreasing -14bps to 3.38% and the yield on the 10-year moving lower -30bps below 4% to 3.94%. Tariffs were also topical, with the Supreme Court ruling against Trump's use of emergency tariffs. Trump later instituted a new global 15% tariff. Finally, geopolitical tensions remain high, with rhetoric about a possible US attack on Iran unless an agreement could be reached about Iran's nuclear program. Against this volatile backdrop, the S&P 500 was lower, returning -0.76%. During February, US IG spreads widened +10bps. US IG returned +1.29%, outperforming both the S&P 500 (-0.76%) and US HY, which returned +0.17%.

Primary issuance in February totaled \$198bn, ahead of the initial forecast of ~\$185bn. During the month, issuance was led by Industrials coming out of earnings and quiet periods, issuing \$117bn (59%). Financials issued \$45bn (23%) and Utilities issued \$17bn, followed by non-corporates at \$19bn. High quality issuance was up during the month, with AA-rated issuance of \$43bn, the highest since November 2025, as we got AI hyperscaler issuance from GOOGL (\$20bn) and M&A issuance from ABT (\$20bn). M&A was active in February with 7 deals for \$33bn. We still expect 2026 issuance to be led by the TMT sector as the AI hyperscalers issue to cover growing and sizeable capex. New issue supply for March is projected to be \$200-250bn, ahead of the 5-year average of \$176bn. The largest March issuance on record was \$261bn in 2020.

Financials (-73bps excess return) outperformed both Industrials (-77bps excess return) and Utilities (-90bps) in February. AA-rated credits (-27bps excess return) outperformed A-rated credits (-72bps) and BBB-rated credits (-77bps). The best performing sectors were Leisure (-7bps excess return) and Packaging (-15bps) while the worst performing sectors were Life Insurance (-219bps), P&C (-155bps), Media Entertainment (-134bps), Brokers & AM (-132bps) and Railroads (-125bps).

In February, 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 yield curve effect. Security selection contributed negatively to performance during the month, particularly in the Banking, Insurance and Healthcare sectors. Duration effect had a neutral contribution to performance, while sector allocation had a slightly positive contribution. The index posted +43bps of total return for the month as the 2-year US treasury yield decreased -14bps to 3.38%. The index posted -10bps of excess return as credit spreads widened. The index's average OAS was +7bps wider and ended the month at +53bps. The fund aims to maintain a yield advantage relative to the performance indicator (4.09% yield to worst relative to 3.99%).

The outlook for the US Investment Grade market remains neutral. The Macro is still supportive as the US economy continues to show resilience in the face of uncertain trade policy influences, though the labor market has been showing signs of deceleration. Corporate fundamentals remain strong and are not exhibiting late cycle leverage concerns. On Valuation, although absolute yields remain attractive and could benefit from lower benchmark rates, credit spreads have been running at the lower end of the range. Sentiment remains positive overall and has been aided by incremental clarity on trade policy with several deals announced between the US and its key trading partners, which has also helped investors to better gauge potential impacts of tariffs. Technicals remain supportive. 2025 new issue supply finished ahead of 2024 issuance and is expected to remain robust in 2026. Supply continues to be very well digested as flows continue into the asset class and reflect strong interest from yield-base buyers. Within sectors, we are overweight Financials,

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 = 99.1% (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

Fund Manager's Comment (Continued)

Healthcare and Telecommunications and underweight Technology & Electronics, Automotive, Basic Industry and Retail.

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 Manager 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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