

AXA WF US Credit Short Duration IG UF m (H) GBP

Fund Manager's Comment

During November, the markets experienced more volatility with mixed performance. The key development during the month was the big swing in December Fed easing expectations. Chair Powell's October FOMC press conference comments that a December rate cut is not a foregone conclusion pushed the probability of a December rate cut below 30% at one point during the month; however, dovish comments from NY Fed President Williams later in the month triggered a meaningful reversal, with December rate odds accelerating to above 80% in the final week of the month. This led to a recovery in equity markets, with the S&P 500 seeing a big bounce in the last 5 days of the month, after being down -4.5% at one point mid-month. The S&P 500 returned +0.25% for December. Additionally, the AI theme remained at the forefront of investors' minds, with questions about hyperscaler AI capex, spend commitments, and the use of complex debt financing options. Treasuries were mostly firmer with the curve steepening. The yield on the 2-year note fell -8bps to 3.49%, while the yield on the 10-year note declined -7bps to 4.01%. During November, spreads were wider by +2bps. US IG returned +0.65%, outperforming both the S&P 500 (+0.25%) and US HY, which returned +0.50%.

Primary issuance in November totaled \$143bn, above the initial forecast of ~\$115bn. New issuance during the month was led by Industrials which accounted for \$96bn, followed by Financials (\$26bn), non-corporates (\$15bn) and Utilities (\$6.9bn). Issuance in non-financials was led by Technology (\$43bn) and Healthcare/Pharma (\$17bn), while in Financials it was led by US Banks (\$8bn). November brings the YTD supply to \$1,791bn (on gross basis), which is slightly ahead of the \$1,722bn over the same period last year. By tenor, long-end issuance increased to 23%, with \$26bn of supply from 30y and longer vs. the YTD share of 16%. Verizon issued \$11bn for its Frontier acquisition, which was the third largest M&A related issuance YTD after Mars (\$26bn) and NTT (\$11.3bn). In 2026, M&A supply is projected to increase, with \$110bn of issuance already expected from publicly announced deals. New issue supply for December is projected to be \$35bn, approximately in-line with the 5-year average of \$36bn.

Industrials (-1bps excess return) underperformed Financials (+1bps excess return) but outperformed Utilities (-20bps) in November. BBB-rated credits (-13bps excess return) underperformed A-rated credits (+0bps) and AA-rated credits (+0bps). The best performing sectors were Tobacco (+23bps excess return), Pharmaceuticals (+20bps), Wirelines (+16bps), Midstream (+16bps) and Healthcare (+14bps) while the worst performing sectors were Chemicals (-62bps), Life Insurance (-56bps), Metals and Mining (-30bps) and Cable Satellite (-27bps).

In November, 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). The main driver of performance was positive security selection, particularly in the Capital Goods sector. Yield curve effect had a positive contribution on performance. Sector allocation and duration effect had a neutral contribution on performance. The index posted +47bps of total return for the month as the 2-year US treasury yield declined -8bps to 3.49%. The index posted +2bps of excess return as credit spreads widened. The index's average OAS was +3bps wider and ended the month at 53bps. The fund aims to maintain a yield advantage relative to the performance indicator (4.20% yield to worst relative to 4.10%).

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 help investors to better gauge potential impacts of tariffs. Technicals remain very supportive. New issue supply is running slightly ahead of last year's run rate but continues to be very well digested as flows continue into the asset class reflecting still strong interest from yield-base

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)

buyers. Within sectors, we are overweight Financials, Healthcare and Telecommunications and underweight Technology & Electronics, Automotive, Consumer Goods, Basic Industry and Retail.

Additional Information

Administration: UF m (H) GBP

Legal form	SICAV
UCITS Compliant	Yes
AIF Compliant	No
Legal country	Luxembourg
1st NAV date	01/07/2024
Fund currency	USD
Shareclass currency	GBP
Valuation	Daily
Share type	Income
ISIN code	LU2819793709
Distribution Type	Net Income
Transaction costs	0.03%
Ongoing charges	0.22%
Financial management fees	0.07%
Performance fees : none	
Minimum initial subscription	30 000 000 GBP
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)

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.

The Share Class aims at hedging the foreign exchange risk resulting from the divergence between the reference currency of the Sub-Fund and the currency of this Share Class by using derivatives instruments whilst retaining the exposure to Investment Policy of the Sub-Fund.

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).

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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