

AXA WF US Credit Short Duration IG UF USD

Fund Manager's Comment

During March, Trump 2.0 policy uncertainty was the big headwind on risk sentiment, with much of the focus on trade. Specifically, Trump announced 25% tariffs on all cars not made in the US, as well as setting the date of April 2nd for reciprocal tariffs, including the renewed potential for a universal tariff. March saw not only further discussion around policy, but also some doubts about the quality of the tailwind from growth measures expected later in the year. Tariffs were also behind the pickup in inflation expectations seen in the consumer surveys during the month. Multiple retailers guided below estimates for Q1 and noted increased consumer caution. With this backdrop, US equities sold off during the month with the S&P 500, returning -5.63%, which is its biggest monthly decline since December 2022. Treasuries were narrowly mixed with some curve steepening. The 2-year yield tightened another -11bps to 3.88%, while the 10-year yield was flat at 4.21%. US IG and US HY indices posted total returns of -0.29% and -1.02% in March, respectively, while US IG spreads continued to widen, moving out +7bps.

Primary issuance in March totaled \$203bn, which was above the 5-year average of \$189bn, and the initial forecast of ~\$165bn. New issuance during the month was driven by Industrials which accounted for \$109bn (54%) of issuance, while Financials issued \$39.2bn and Utilities issued \$20.3bn. Industrial issuance was once again heavy during the month of March post earnings. M&A funding increased in March with \$50bn issued, the highest since Feb 2024. We saw jumbo issuance from Mars for its Kellanova acquisition, issuing \$26bn marking the 8th largest deal on record. YTD, M&A issuance accounts for \$71bn. New issue supply for April is projected to be ~\$100bn, which is below the 5-year average of \$143bn.

Industrials (-47bps excess return) underperformed Financials (-35bps excess return) and Utilities (-41bps) in March. BBB-rated credits (-53bps excess return) underperformed A-rated credits (-33bps) and AA-rated credits (-17bps). The best performing sectors were Health Insurance (-13bps excess return), Construction Machinery (-16bps) and Environmental (-18bps), while the worst performing sectors were Transportation Services (-104bps), Media Entertainment (-88bps), Supermarkets (-86bps), Chemicals (-78bps) and Oil Field Services (-76bps).

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 (both net-of-fees and gross-of-fees, USD). The main driver of performance was positive security selection, particularly in the Financial Services and Banking sectors. Duration and sector allocation had a neutral contribution to performance, while yield curve effect contributed slightly negatively. The index posted +40bps of total return for the month as 2-year US treasury yields tightened -11bps to 3.88%. The index posted -7bps of excess return as credit spreads widened. The index's average OAS was +8bps and ended the month at +61bps. The fund aims to maintain a yield advantage relative to the performance indicator (4.74% yield to worst relative to 4.59%).

The outlook for the US Investment Grade market is now cautious on spreads dominated by poor sentiment from trade tensions, while yields may benefit from lower benchmark rates. We are seeing macro impact influenced by potential economic growth revisions post tariff announcement, although this will take time to filter through to hard data. Additionally, corporate fundamentals have been stable. Valuations have been running at the lower end of the range but are likely to see further spread widening driven by sentiment, increased volatility and equity market correction. 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 the broad Industrial sector, we are overweight Energy, Media, and Telecommunications and underweight Technology & Electronics, Consumer Goods, Basic Industry, Autos 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 = 74.0% (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)

How to Invest

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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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