

AXA WF US Credit Short Duration IG UA (H) GBP

Fund Manager's Comment

In January, the key focus of the month was geopolitical volatility. The US captured Venezuelan President Nicolas Maduro, essentially gaining control of oil exports in the country. Additionally, there were tensions with NATO allies and Europe as President Trump looked to purchase Greenland, as well as additional tariff threats. Ultimately, tensions were resolved after Trump announced a framework deal with NATO. Finally, there were protests in Iran, with Trump threatening to strike the country. The market largely ignored these geopolitical threats. Trump nominated former Fed Governor Kevin Warsh in late January; however, Fed independence concerns remain. Additionally, the Fed held rates unchanged at the January FOMC meeting, as widely expected. Markets continue to price in 1-2 cuts for the remainder of the year. Treasuries were a bit weaker during the month. The yield on the 2-year note increased +5bps to 3.52%, while the yield on the 10-year note increased +7bps to 4.24%. US equities were higher this month as the S&P 500 posted its best month since October and returned +1.44%. During January US IG spreads tightened -5bps. US IG returned +0.18%, underperforming both the S&P 500 (+1.44%) and US HY, which returned +0.48%.

Primary issuance in January totaled \$289bn, ahead of the initial forecast of ~\$185bn. Issuance for the month was one of the largest on record. During the month, issuance was led by Financials coming out of quiet periods post earnings and accounting for \$123.2bn of total issuance (43%). Noncorporates accounted for \$105.5bn, Industrials accounted for \$41.5bn (33.7%) as many companies were still in earnings blackouts, followed by Utilities at \$7.7bn. M&A issuance was active in January with \$15bn, despite the prevalence of Financial issuance. We 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 February is projected to be \$185bn, ahead of the 5-year average of \$147bn.

Utilities (+44bps excess return) outperformed both Industrials (+39bps excess return) and Financials (+23bps) in January. BBB-rated credits (+41bps excess return) outperformed A-rated credits (+28bps) and AA-rated credits (+14bps). The best performing sectors were Independents (+78bps excess return), Oil Field Services (+75bps), Transportation Services (+71bps), Refining (+66bps) and Midstream (+59bps) while the worst performing sectors were Media Entertainment (-6bps) and Health Insurance (+2bps).

In January, the AXA WF US Credit Short Duration Fund performed in-line with its performance indicator, the ICE BofA Merrill Lynch 1-3 Year US Corporate Index (gross-of-fees, USD). Security selection contributed positively to performance during the month, particularly in the Banking, Healthcare and Telecommunications sectors. Duration effect and sector allocation had a neutral contribution to performance. Yield curve contributed slightly negatively to performance. The index posted +40bps of total return for the month as the 2-year US treasury yield gained +5bps to 3.52%. The index posted +19ps of excess return as credit spreads tightened. The index's average OAS was -6bps tighter and ended the month at 46bps. The fund aims to maintain a yield advantage relative to the performance indicator (4.11% yield to worst relative to 4.04%).

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, Healthcare and Telecommunications and underweight Technology & Electronics, Automotive, Consumer Goods, Basic Industry 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 = 96.5% (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 (H) GBP

Legal form	SICAV
UCITS Compliant	Yes
AIF Compliant	No
Legal country	Luxembourg
1st NAV date	18/12/2024
Fund currency	USD
Shareclass currency	GBP
Valuation	Daily
Share type	Accumulation
ISIN code	LU2948494757
Transaction costs	0.02%
Ongoing charges	0.38%
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.

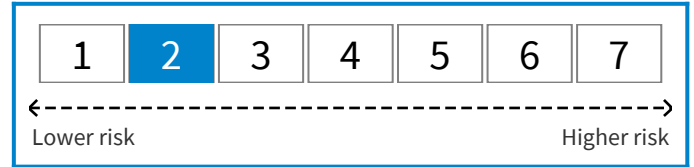
The Share Class aims at hedging the foreign exchange risk resulting from the divergence between the reference currency of the Sub-Fund and the currency of this Share Class by using derivatives instruments whilst retaining the exposure to Investment Policy of the Sub-Fund.

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 the 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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