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

Fund Manager's Comment

In a reversal from the previous month, we saw a risk-on environment during the month of May, driven by a de-escalation in the trade war between the US and China which was the big positive catalyst. The US and Trump agreed to a 90-day suspension in tariffs on Chinese goods, which cut the rate from 145% to 30%. China cut its tariffs on US goods to 10% from 125%. Additionally, the US came to an agreement with the UK to cut tariffs and reportedly the US is close to other deals prior to the July 9th deadline. Despite the reprieve, we could see volatility as trade deals remain a key market overhang. Economic data also added to the bullish narrative, with May Consumer Confidence increasing the most in four years. On the other hand, we saw a backup in yields during the month of May driven by ongoing inflationary concerns and a less dovish Fed. Markets are now pricing in under 50 bps of rate cuts through the end of the year. The 10Y yield increased +24bps to 4.40% and the 2Y yield rose +30bps to 3.90%. Stocks were higher in May as the S&P 500 had its best month since November 2023, returning +6.30%. US IG and US HY indices posted total returns of -0.01% and +1.68%, respectively. US IG spreads tightened -18bps.

Primary issuance in May totaled $150.8bn, which was slightly below the 5-year average of $156bn, but above the initial forecast of ~$135bn. Issuance during May picked up from a lighter supply month in April, which was down given the volatile backdrop during that period. New issuance during the month was mostly split between Financials which accounted for $61.5bn (41%) of issuance, while Industrials issued $60bn (40%) and Utilities issued $9.9bn. By sector, May issuance was led by Yankee Banks ($28bn), US Banks ($25bn), Capital Goods ($12bn), Energy ($11bn) and Utilities ($14bn). Reverse Yankee supply was heavy in May with $28bn, the most since May 2007. M&A funding was down again during the month with only $1bn issued (vs. $10bn in April and $50bn during March), as the M&A backdrop remains more uncertain. YTD, M&A issuance accounts for $81.5bn, down 9% from 2024. The consumer sector accounts for $30bn (37%) of M&A issuance. New issue supply for June is projected to be ~$100bn, which is below the 5-year average of $116bn.

Industrials (+139bps excess return) outperformed Financials (+109bps excess return) and Utilities (+120bps) in May. BBB-rated credits (+153bps excess return) outperformed A-rated credits (+106bps) and AA-rated credits (+55bps). The best performing sectors were Cable Satellite (+260bps excess return), Refining (+225bps), Oil Field Services (+206bps), Independents (+186bps) and Midstream (+186bps), while the worst performing sectors were Health Insurance (+54bps) and Construction Machinery (+67bps).

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 (both net-of-fees and gross-of-fees, USD). The main driver of performance was positive security selection, particularly in the Retail, Healthcare, Capital Goods, and Automotive sectors, offset slightly by negative performance in the Financial Services and Transportation sectors. Duration and yield curve effect also had a positive contribution to performance. Sector allocation had a neutral contribution to performance. The index posted +17bps of total return for the month as 2-year US treasury yields widened +30bps to 3.90%. The index posted +36bps of excess return as credit spreads tightened. The index's average OAS was -15bps tighter and ended the month at +60bps. The fund aims to maintain a yield advantage relative to the performance indicator (4.75% yield to worst relative to 4.60%).

The outlook for the US Investment Grade market is neutral as uncertain trade policy influences risk sentiment while yields may benefit from lower benchmark rates. Macro remains supportive as ultimate tariff impacts have yet to be seen and corporate fundamentals have been stable. Valuations have been running at the lower end of the range but may see increased volatility on ultimate trade policy. 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, Utilities, and Telecommunications and underweight Technology & Electronics, Consumer Goods, Basic Industry, Autos and Retail. We also remain overweight the Financials sector.

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 = 74.8% (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 m (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	Income
ISIN code	LU2948494831
Transaction costs	0.03%
Ongoing charges	0.38%
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.

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.

1	**2**	3	4	5	6	7

Lower risk ← → Higher risk

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

Before making an investment, investors should read the relevant Prospectus and the Key Investor Information Document (particularly for UK investors) / Key Information Document / scheme documents, which provide full product details including investment charges and risks. The information contained herein is not a substitute for those documents or for professional external advice.
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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For more information on sustainability-related aspects please visit https://www.axa-im.com/what-sfdr

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Additional Information (Continued)

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