

AXA WF US Credit Short Duration IG | USD

Fund Manager's Comment

During the month of August, performance was positive. The month began with macro concerns due to a much weaker than expected July nonfarm payrolls report, along with large downward revisions to May and June numbers. Given this report, Fed rate cut expectations jumped, supported by increasingly dovish comments from the Fed. Chair Powell's speech at the annual Jackson Hole conference on August 22nd was more dovish than expected, though still emphasized inflationary concerns. The market is now pricing in one cut in September. Additionally, trade was another area of focus as the August 1st deadline passed and Trump announced a snap-back of reciprocal tariffs on multiple countries. Tariffs were a key narrative during Q2 earnings season as well, as many companies are experiencing cost pressures. The consumer remains resilient; however, we may see signs of stress intensify in the coming quarters. US equities were higher during August, with the S&P 500 increasing for the fourth consecutive month and returning +2.03%. Treasuries were mostly firmer with the curve steepening, and 2-year yields down -34bps and 10-year yields down -14bps. US IG and US HY indices posted total returns of +1.01% and +1.25%, respectively. US IG spreads widened +3bps.

Primary issuance in August totaled \$104bn, which was slightly below the 5-year average of \$106bn and slightly ahead of the initial forecast of ~\$100bn. New issuance during the month was led by Industrials which accounted for \$54.7bn (46%) of issuance, while Financials issued \$27.8bn (23%) and Utilities issued \$10.8bn. August was the 2nd lightest month of issuance behind July YTD in 2025. M&A funding was \$9bn in August, down slightly from \$12bn in July. M&A issuance remains significantly below the \$50bn M&A issuance from March where we saw larger deals (i.e. Mars issuing for Kellanova). YTD 2025, M&A issuance accounts for \$116bn, down y/y from \$144bn in 2024; however, M&A issuance is likely to ramp up as more deals have been announced recently. The consumer sector accounts for \$30bn (26%) of M&A issuance. In 2024, the Healthcare sector dominated with 27% of overall deals followed by Technology at 18%. New issue supply for September is projected to be \$165bn, which is above the 5-year average of \$148bn.

Industrials (-9bps excess return) underperformed Financials (-7bps excess return) while Utilities (-4bps) outperformed in August. BBB-rated credits (-3bps excess return) outperformed A-rated credits (-8bps) but underperformed AA-rated credits (+1bp). The best performing sectors were Oil Field Services (+22bps excess return), Health Insurance (+17bps), and Refining (+10bps), while the worst performing sectors were Lodging (-24bps), Wirelines (-24bps), Food & Beverage (-22bps), Wireless (-21bps) and Midstream (-20bps).

In August, 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 Banking, Financial Services, Capital Goods, and Transportation sectors. Duration and yield curve effect had a slightly negative contribution to performance. Sector allocation had a neutral impact on performance. The index posted +88bps of total return for the month as 2-year US treasury yields tightened -34bps to 3.62%. The index posted +1bp of excess return as credit spreads widened. The index's average OAS was +1bp wider and ended the month at +51bps. The fund aims to maintain a yield advantage relative to the performance indicator (4.38% yield to worst relative to 4.22%).

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. Within sectors, we are overweight Financials and Telecommunications and underweight Technology & Electronics, 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 = 98.6% (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: I USD

Legal form	SICAV
UCITS Compliant	Yes
AIF Compliant	No
Legal country	Luxembourg
1st NAV date	02/09/2013
Fund currency	USD
Shareclass currency	USD
Valuation	Daily
Share type	Accumulation / Income
ISIN code C / D	LU0960404159 / LU2327440652
Distribution Type	Net Income
Transaction costs	0.03%
Ongoing charges	0.35%
Financial management fees	0.25%
Maximum management fees	0.25%
Performance fees : none	
Minimum initial subscription	5 000 000 USD
Minimum subsequent subscription	1 000 000 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)

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

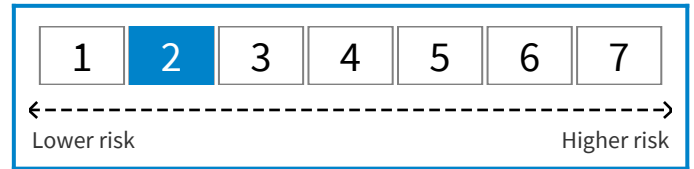
The Sub-Fund's investment objective is to seek performance by investing in investment grade corporate debt securities in USD over a medium term period.

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 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. These documents are available in English or in your national language (if available) at axa-im.com. 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: <https://core.axa-im.com/responsible-investing/putting-esg-to-work> ESG indicators are for informational purposes only. The portfolio has a contractual objective on one or more ESG indicators.

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The Fund's characteristics do not protect the investors from the potential effect of inflation over time. The investments and/or any potential income generated during the period will not be adjusted by the rate of inflation over the same period. Thus, the return on the fund

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For more information on sustainability-related aspects please visit <https://www.axa-im.com/what-sfdr>

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