

AXA WF US Credit Short Duration IG | USD

Fund Manager's Comment

Performance during December was mixed, with key narratives the FOMC meeting, AI developments and heightened geopolitical tensions. During the December FOMC meeting, the Fed delivered a widely predicted 25bp rate cut, lowering the fed funds rate to 3.50% - 3.75%, as well as initiating a \$40bn per month Treasury bill purchase program. Chair Powell left the door open for future policy flexibility. Trump is expected to name a Fed Chair successor in early January. Macro data painted a generally supportive backdrop. November CPI came in below consensus at 2.7% y/y, supporting the disinflation theme. Retail sales exceeded expectations, supporting consumer resilience. In risk markets, the S&P 500 ended slightly lower and broke its 7-month streak, returning +0.06%. Treasuries were mixed with yield curve steepening. The yield on the 2-year note fell -2bps to 3.47%, while the yield on the 10-year note increased +16bps to 4.17%. During December, spreads were tighter by -3bps. US IG returned -0.20%, underperforming both the S&P 500 (+0.06%) and US HY, which returned +0.65%.

Primary issuance in December totaled \$28bn, below the initial forecast of ~\$36bn. New issuance during the month was led by Industrials which accounted for \$14bn, followed by Financials (\$11bn) and Utilities (\$3.5bn). For 2025, gross supply was \$1,819bn, which was ahead of 2024 issuance of \$1,757bn. By tenor, the intermediate (5-7yr) segment ticked up to 34.5%, the highest on record. M&A funding in the Investment Grade markets decreased in 2025 to \$169bn, down 16% y/y. The largest deal of 2025 was Mars for \$26bn for its acquisition of Kellanova. In 2026, M&A supply is projected to increase, with \$110bn of issuance already expected from publicly announced deals. Reverse Yankee supply was \$193bn in 2025, which was a record (+80% y/y). We expect 2026 issuance to be led by the TMT sector. New issue supply for January is projected to be \$185bn, ahead of the 5-year average of \$167bn.

Industrials (+23bps excess return) underperformed both Financials (+26bps excess return) and Utilities (+36bps) in December. BBB-rated credits (+35bps excess return) outperformed A-rated credits (+22bps) and AA-rated credits (+1bps). The best performing sectors were Life Insurers (+63bps excess return), Metals and Mining (+60bps), Gaming (+57bps), Transportation Services (+53bps) and Brokers & AM (+52bps) while the worst performing sectors were Media Entertainment (-62bps) and Technology (-7bs).

In December, the AXA WF US Credit Short Duration Fund slightly underperformed its performance indicator, the ICE BofA Merrill Lynch 1-3 Year US Corporate Index (gross-of-fees, USD). The main driver of performance was negative yield curve effect, offset with positive security selection, particularly in the Healthcare and Automotive sectors. Duration effect and sector allocation had a neutral contribution to performance. The index posted +39bps of total return for the month as the 2-year US treasury yield fell -2bps to 3.47%. The index posted +2ps of excess return as credit spreads were flat. The index's average OAS was flat and ended the month at 53bps. The fund aims to maintain a yield advantage relative to the performance indicator (4.21% yield to worst relative to 4.07%).

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 very 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 = 100.0% (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: 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	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.

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)

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

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