AXA IM Swiss Fund - Bonds CHF A CHF

Fund Manager's Comment

Investment Goal

This fund invests primarily in CHF-denominated bonds issued by Swiss and foreign debtors in the investment grade category (investments with a minimum rating of BBB- according to S&P or Baa3 according to Moody's). The investment objective of the fund is to achieve a high level of regular income while ensuring capital security.

The Swiss Bond Index „AAA-BBB Total Return" is used as a benchmark. The aim is to generate higher earnings through proactive duration and yield curve management and by over/underweight specific sectors versus the reference index. To complete the investment profile, we select specific securities and replace "expensive" bonds with other bonds on more favorable terms as a permanent process with respect also to their sustainability and the goal, to outperform the fund's average RI score versus the Benchmark score.

Markets and Performance November 2024

For a change and opposite to the previous months, the reporting month was driven not only by "Macro" but mainly by the US Election and its outcome, means also: "Reflation Trade" on Trump and "Repricing Powell", the US FED's further path of rate cuts. Given a further relaxation in most macro data we saw the US FED in November with a further cut by 25bps of their key funding rate. This despite that Trump was winning the election a rather impressive way around, anticipating a higher inflation rate for longer as was in 2016. True is, that especially within equity markets, we saw a repositioning not only within sectors but also geographically, as European markets, driven by fears of forthcoming import duties, underperformed US indices significant. First estimations indicate, the expected US tax policies might burden Europe (and in specific Germany) by approximate -1% in terms of GDP growth. For rates, in a logic consequence, we saw first a truly higher moving US curve while in Europe, given a more gloomy macro outlook, rates where tending to the downside. It was then about a clear statement of the US FED's chairman to grant independency and rates forecasts to remain data (and not political) oriented, which caused a relaxation also for UST's direction end of month.

Away from that US headline CPI for October came in a tick higher at YoY 2.60% (vs 2.4% in September), while the core rate (ex-food and energy) was totally unchanged versus previous month with its 3.3%, which was in line of market expectations. Considering also other inflation measures as for example the PCE core deflator (2.8% in October which was 0.1% vs previous month), the FED's most preferred inflation measure, one can state it's still not at a paste the US FED might wish given a goal of (or below) 2%. A soft landing remains an ongoing realistic scenario, this also given another strong GDP print for Q3 with 2.8%% (QoQ) after +3.00% in Q2, while the strong drop in payroll numbers for October need to be confirmed, given the fact that two hurricanes (plus port strikes) most likely left a distorted picture. No big change of the overall picture in Europe, despite that a first estimation for November-Inflation showed a 2.3% print (vs a final rate of 1.7% in September and 2.0% for October), while the core rate remained at 2.7% (YoY) which was unchanged versus October. The ongoing sluggish PMI (Composite dropped in November to now 48.1) but also the gloomy outlook as highlighted above, should encourage the ECB to remain on their path of a step by step dovish rate policy! This also, as it seems that in Germany and France the industrial sector is ongoing sluggish, for example the car industry with its obvious structural problems.

We saw US Treasuries therefore moving up till almost 4.50% to finish the month at 4.18%, 12bps lower then as per end of October. Different for German Bund who dropped more or less one way from 2.40% down till 2.09% joined by the 10yr Swiss yield which dropped from 0.42% to 0.25%. The ongoing strong CHF currency but also the CPI print for October (Headline again lower to an amazing 0.6% while the core rate dropped to 0.8%) can be seen as the rationale for the absolute low levels of yield but not only. As all wasn't enough, the new president of the Swiss National Bank, Martin Schlegel, dropped a remark in a public hearing, that the SNB made overall only good experiences with negative target rates, causing

Benchmark

Since: 01/01/2014

100% SBI Total AAA-BBB

The Fund is actively managed with limited deviation expected in term of constitution and performance compared to benchmark.

Fund Profile

ESG Rating

ESG Relative Rating

Lower – + Higher

CO2 Relative rating

More CO_2 – + Less CO_2

% of AUM covered by ESG absolute rating: Portfolio = 88.6% Benchmark = 68.8% (not meaningful for coverage below 50%)

% of AUM covered by CO2 intensity indicator: Portfolio = 80.4% Benchmark = 63.6% (not meaningful for coverage below 50%)

For more information about the methodology, please read the section 'ESG Metrics Definition' below

Fund Manager

Richard MOOSER

Gonul CIBIK - Co-Manager

Fund Manager's Comment (Continued)

market participants to fully price in a 50bps cut in December and a potential negative rate scenario for next year again. CHF IRS 2 year dropped below 0.10% while 10yr has broken 0.3%, simply crazy!

New issue activities in November picked up definitely again with CHF 7.4bn, 1.4bn above October and CHF 2.0bn more the November 2023. Was it about the fear of negative rates or the expectation of a 50bps cut in December, but suddenly also the two covered bond institutions (PSHYPO&PFZENT) were able to issue CHF 2.7bn, a multiple of what was seen last few months. True, the offered spreads versus IRS reached out new highs to 40bps, but: versus Swiss Govis, the spread narrowed now direction +50 as the Swapspread remained in the single digit area. Again, the monthly Swiss Govi auction was rather disappointing, CHF 480mn among three issues can't be seen as a great success, given an overall increase of investors demand. Away from that it was still about the Credits space attracting with better yields, as was for McDonalds (Dual Tranche worth 550mn with a 4 and 8 year bond issuance, 72 and 87bps above swap) or Georg Fischer, also with a dual tranche worth CHF 650mn, offering 3 years Swap+95 (1.24% yield) and for 7 years 1.51% yield which was 110 above IRS. Further various Cantonalbanks but also Cantons, recognized a strong investor appetite for 2 and 3 year maturities, so the overall picture in November was clear: investors are back, driven by the fear of lower and lower rates..

The fund's duration remained close but slightly below to the benchmark duration with a slightly negative Alpha-Impact. We kept our underweight in mainly weaker Credit names (BBB/BBB- bucket) while we remained neutral to slightly overweight in other credits such as from the BBB+/A bucket which was a rather neutral bet this month again. On the other side, the fund could benefit from a slightly tighter spread Govi vs high grade issuer but also by participating in this or that well performing new issue as was mainly for Georg Fischer but not only..

The share class A (AXABDAI – ISIN CH0112537516 – Retail Class) performed during November with +1.40% (Benchmark +1.48%) and is YTD at +4.99% vs Bench +5.57% (0.58% underperformance). The share class I (AXABDII – ISIN CH0112537557 – Institutional Class) finished November +1.44% (-4bps versus Benchmark) and is YTD at +5.38% (-0.19% versus Benchmark). All figures are as usual reported net of all fees and costs.

Source(s): AXA Investment Managers as at 29/11/2024

Additional Information

Administration: A CHF

Legal form	Mutual Fund
UCITS Compliant	No
AIF Compliant	No
Legal country	Switzerland
1st NAV date	05/10/2010
Fund currency	CHF
Shareclass currency	CHF
Valuation	Daily
Share type	Income
ISIN code	CH0112537516
Bloomberg Code	AXABDAI Sw
Swiss Valor Code	11253751
Maximum subscription fees	5%
Maximum redemption fees	2%
Transaction costs	0.00%
Ongoing charges	0.78%
Financial management fees	0.75%
Maximum management fees	0.75%
Performance fees : Not Applicable	
Management company	AXA Investment Managers Schweiz AG
(Sub) Financial delegation	AXA Investment Managers Switzerland
Delegation of account administration	State Street Bank International GmbH, Muenchen, Zweigniederlassung Zuerich
Custodian	State Street Bank International GmbH, Muenchen, Zweigniederlassung Zuerich

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 investment objective of the sub-fund is to achieve a high and regular income from the point of view of capital security. The sub-fund aims to achieve a consistently higher ESG rating than that of the benchmark.The Swiss Bond Index SBI Total AAA-BBB is used as a benchmark.

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 3 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 3 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 may be materially relevant, such as risks associated with derivatives or counterparty risk. For further information, please refer to the prospectus.

This product does not provide any protection against future market developments, so you could lose all or part of the capital invested.

Subscription Redemption

Subscriptions and redemptions are accepted on any bank working day. Subscription and redemption orders received by the custodian no later than 13:30 on a bank working day (order date) are processed on the next bank working day (valuation day) based on the net asset value calculated on that day (forward pricing).

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 relative rating is calculated as the difference between the ESG absolute rating of the portfolio and the ESG absolute rating of benchmark. If ESG Relative rating is positive (negative), this means that the portfolio has a higher (lower) ESG absolute rating than the benchmark.

CO2 relative intensity is calculated as the difference between the intensity of the fund (expressed in tCO2/M€ Revenues) and the one of benchmark.

If CO2 Relative intensity is green, it means that the intensity of portfolio is lower than that of the benchmark. If CO2 Relative intensity orange, it means that the intensity of the portfolio is higher than that the benchmark. If CO2 Relative intensity is yellow, it means that intensity of the portfolio is similar than that of the benchmark.

ESG indicators are for informational purposes only.

The portfolio has a contractual objective on one or more ESG indicators.

Disclaimers

This marketing communication does not constitute on the part of AXA Investment Managers a solicitation or investment, legal or tax advice. This material does not contain sufficient information to support an investment decision. The information contained herein is intended solely for the entity and/or person(s) to which it has been delivered, unless otherwise allowed under applicable agreements.

The tax treatment associated with holding, buying or disposing of shares or units in a fund depends on the status or tax treatment of each investor and may be subject to change. Potential investors are strongly encouraged to seek the advice of their own tax adviser.

Due to its simplification, this document is partial and opinions, estimates and forecasts herein are subjective and subject to change without notice. There is no guarantee forecasts made will come to pass. Data, figures, declarations, analysis, predictions and other information in this document is provided based on our state of knowledge at the time of creation of this document. Whilst every care is taken, no representation or warranty (including liability towards third parties), express or implied, is made as to the accuracy, reliability or completeness of the information contained herein. This material does not contain sufficient information to support an investment decision.

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 adjusted from the rate of inflation could be negative. Consequently, the inflation might undermine the performance and/or the value of your investment.

The Fund referenced herein has not been registered under the United States Investment Company Act of 1940, as amended, nor the United States Securities Act of 1933, as amended. None of the shares may be offered or sold, directly or indirectly in the United States or to any US Person unless the securities are registered under the Act, or an exemption from the registration requirements of the Act is available. A US Person is defined as (a) any individual who is a citizen or resident of the United States for federal income tax purposes; (b) a corporation, partnership or other entity created or organized under the laws of or existing in the United States; (c) an estate or trust the income of which is subject to United States federal income tax regardless of whether such income is effectively connected with a United States trade or business. In the United States, this material may be distributed only to a person who is a "distributor," or who is not a "U.S. person," as defined by Regulation S under the U.S. Securities Act of 1933 (as amended).

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

Depending on the recipient's respective jurisdiction or region, the following additional disclosures may apply:

For the AXA IM Swiss Fund, a contractual open-ended umbrella fund under Swiss law ("Other Funds for Traditional Investments" category), the prospectus, the Key Information Document (PRIIP KID) and the annual and semi-annual reports can be obtained free of charge from the fund management company AXA Investment Managers Switzerland Ltd, Ernst-Nobs-Platz 7, P.O. Box 1078, CH-8021 Zurich. The custodian bank is State Street Bank International GmbH, Munich, Zurich branch, Beethovenstrasse 19, CH-8002 Zurich. In respect of the units distributed in Switzerland, the place of performance and jurisdiction is Zurich, Switzerland.