

AXA IM Swiss Fund - Bonds CHF | CHF

Fund Managers'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 June 2024

June was again driven from market participant expectations with regards to upcoming Central bank decisions for the rest of the year (and beyond) at what pace rate cuts might take place. It holds ongoing true, that growth indicators mainly for the US remain solid while labour markets showed some little signs of relaxation. Opposite with the inflation developments, where headline but also core CPI rates in the US remained at elevated levels, too high to expect the US FED to cut rates too early. Bit different with regards to the ECB, where industrial PMI's mainly for Germany and France justified their first cut in June, which was widely priced. Despite this cut, markets reacted rather a bit disappointed about the missing outlook how the further path will look like. So for the time being market expectations still see the ECB with another 2 and the FED with 1-2 cuts till end of the year.

US headline CPI in May came in a touch lower than market expectations at YoY 3.3% (vs 3.4% in April), while also the core rate (ex-food and energy) was 0.2% lower than previous month with its 3.6%, which was a beat of expectations as well! Considering also other inflation measures as for example the lower PCE core deflator (2.6% in May vs 2.8% in April), the FED's most preferred inflation measure, market hope came up again for 1-2 cuts still this, despite that the FED's goal of 2% is still away from cutting too soon. But anyway, market started to price in new hopes on a September cut, mainly driven from the news out of labour markets but also the inflation front, which brought back some fantasy to UST's. Bit different in Europe, where a first estimation for June-Inflation showed another small decline from 2.6% in May to 2.5%, while the core rate came in unchanged remaining at 2.9%YoY. But also some positive signals from leading indicators such as the famous PMI's, showed a less gloomy picture than over the previous months. A little surprise we saw from the SNB, cutting for the 2nd time this year in their June meeting their target rates to now 1.25%. The rationale seems clear: Inflation remains manageable, price pressure comes from abroad only and all the turmoil around the EU election causing France's president Macron to call for new parliament elections, strengthen the CHF currency further, away from a rather short-lived “flight to safe haven qualities” such as German bunds but mainly the CHF currency...

Away from any other significant market news, yields for US Treasuries traded through June therefore slightly lower, reaching out for levels around 4.20% from almost 4.50% in May to end up the month at 4.40%. Better performing German Bunds, also driven from political uncertainties in Europe, dropping first from 2.65% until 2.35% to finish the first semester at 2.50%. But the biggest outperformer was truly the 10yr Swiss yield, moving step by step down from 0.90% to new 0.60%, mainly backed by the Swiss National banks rate cut decision!! The overall ongoing gloomy outlook for the local industry but also the CPI print for May (Headline unchanged at 1.4% same as for the core with its 1.20% versus April) which was truly as positive surprise, as also the price increases for rental costs are now priced in.

New issue activities in June were truly again strong and came in similar as was for April but also May, with CHF 8.5bn, while below the record of June 2023 with its high record watermark of CHF 12bn. Remarkably the issuances for the two Swiss Pfandbrief institutions

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



CO2 Relative rating



% of AUM covered by ESG absolute rating: Portfolio = 99.0% Benchmark = 95.9% (not meaningful for coverage below 50%)

% of AUM covered by CO2 intensity indicator: Portfolio = 57.1% Benchmark = 55.7% (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 Managers's Comment (Continued)

remained again far below expectations with in complete CHF 1.3bn while the target was similar as in May direction CHF 2bn. Als the Swiss Treasury department's monthly auction, reopening the 2034 and 2043 bond were rather lacklustre with in complete CHF 500mln at rather midmarket prices. The focus in June was truly again on the domestic corporate sector, where in specific Novartis could collect CHF 2.2bn in complete among 5 new issued bonds among the curve from 3 till 25 years maturities. The offered premiums were between 30 and 50bps above the related swap rates. But also a dual tranche for Coop Switzerland attracted investors by their offered spreads (4yr +65 and 8yr +70) so that CHF 500mln could be placed easily. A premier from abroad was Iberdrola, for more than a decade absent from local capital markets, issuing for rather proud spreads more than 300mln (4yr +47 and 7yr +62) given it's origination but also rating (BBB+). So, again investors interest, again sluggish when it came to high grade issuer, was truly focussed on Credit issuances again..

The fund's duration remained again very slightly below 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 again a rather neutral bet this month. Also our overweight in Pfandbriefe or public entities versus an underweight in Swiss Govis can be seen this month as neutral, as both sectors moved sideways lack of real investor's interest. The benefit from our secondary market activities were rather neglectable, while the fund could benefit from arising opportunities in the primary market (switches of elder issues versus new issued, cheaper bonds, in specific within the Novartis and also Coop curve but not only).

The share class A (AXABDAI – ISIN CH0112537516 – Retail Class) performed during June with +2.36% (Benchmark +2.40%) and is YTD at +1.56% vs Bench +1.74% (0.18% underperformance). The share class I (AXABDII – ISIN CH0112537557 – Institutional Class) finished June +2.40% (+/- 0 versus Benchmark) and is YTD at +1.77%% (+0.03% versus Benchmark). All figures are as usual reported net of all fees and costs.

Additional Information

Administration: I 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	CH0112537557
Bloomberg Code	AXABDII Sw
Swiss Valor Code	11253755
Maximum subscription fees	5%
Maximum redemption fees	2%
Transaction costs	0.00%
Ongoing charges	0.38%
Financial management fees	0.35%
Maximum management fees	0.35%
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.



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 of 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

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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 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, Affolternstrasse 42, CH-8050 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.