

AXA IM Swiss Fund - Bonds CHF A AC 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 August 2024

August was again driven from macro and therefore market participant's expectations with regards to upcoming Central bank decisions for the rest of the year (and beyond) at what pace rate cuts might take place. Main focus still on the US Fed, where expectations of forthcoming rate cuts did increase, this driven from suddenly declining growth indicators while inflation seems to develop, even if slowly but ongoing into the right direction. So, for the time being, market expectations still see the ECB with another 2 and the FED new now with even 2-3 cuts till end of the year, as for September the probability of a 50bps cut has increased.

US headline CPI in July came in another tick lower at YoY 2.99% (vs 3.0% in June), while also the core rate (ex-food and energy) was 0.1% lower than previous month with its 3.2%, which was fully in line with market expectations. Considering also other inflation measures as for example the lower PCE core deflator (2.6% unchanged versus June), the FED's most preferred inflation measure. Market hopes on even 3 cuts still this year were mainly driven from a surprisingly soft unemployment report for July, where the rate climbed from 4.1% to 4.3% but more importantly the change in nonfarm payrolls with its plus of 114k was far below market expectations and long-term average. No big change of the overall picture in Europe, despite that a first estimation for August-Inflation showed a 2.2% print (vs 2.6% in July), while the core rate came in almost unchanged at 2.8% from 2.9%YoY. The drop in headline inflation was widely expected and mainly due to base effects.

Away from that, risky asset classes such as equities calmed down again from their drop in late July/early August, regaining most of their losses during August. US Treasuries traded through the entire month therefore once again rather to the downside, coming from 4.02% till 3.80% to end up at 3.90%. Lack of any further new findings, German Bunds traded rather sideways in a narrow bandwidth of 2.30-2.20% to finish the month at 2.30% as was for end of July. Similar with the 10yr Swiss yield, reaching out for 0.38% from 0.45% but finishing August at 0.47%. The ongoing strong CHF currency, burdening local industry but also the CPI print for August (Headline again a tick lower to 1.1% from 1.3% while the core rate remained unchanged at 1.1% versus July) can be seen as rationale markets to expect the SNB to cut further in September and December this year..

No big surprise, new issue activities picked up in August again after the summer holiday break, coming in with CHF 7.6bn, which was truly bit less than August 2023 with its CHF 9bn. Despite the absence of the Swiss Treasury department, there seems a supply overhaul especially for high grade bonds, causing them to widen further while also Govispreads widened further... We strongly assume, the absolute low level of yields kept investors cautious. The focus was therefore rather on bonds from the Credit space where we saw Roche issuing a triple Tranche (almost 1bn) offering pickups of around 40bps for their 5, 10 and 15yr issuances. But also Geberit, or as a premiere Galderma (4yr +95 and 8yr +115; 250mn each) aside of PSP, Burckhardt and Zug Estates found their niche to issue successfully. Even the University hospital of Zürich, despite the hospital turmoil in local

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 = 96.7% Benchmark = 95.8% (not meaningful for coverage below 50%)

% of AUM covered by CO2 intensity indicator: Portfolio = 88.6% Benchmark = 88.0% (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)

markets, could issue CHF 300mn among two bonds (8yr +78 and 12yr +86). From abroad we saw EDF (green format, 5yr +95 and 8yr +108) worth to be mentioned. Away from that, as said, issuer like the city of Zürich (achieving among three bonds CHF 400mn “only”) or various issuances of Swiss Cantonal banks rather struggled to collect size from investors.

The fund’s duration remained very close to the benchmark duration with an almost neutral 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 as well. Also our overweight in Pfandbriefe or public entities versus an underweight in Swiss Govis can be seen this month as overall neutral as both sectors widened similar versus Swap. The fund could benefit a little bit from new issuances, where we participated mainly in the new Roche but not only, selling elder bonds on more expensive levels as a switch..

The share class A (AXABDAI – ISIN CH0112537516 – Retail Class) performed during August with +0.26% (Benchmark +0.29%) and is YTD at +2.96% vs Bench +3.28% (0.31% underperformance). The share class I (AXABDII – ISIN CH0112537557 – Institutional Class) finished August +0.28% (-1bps versus Benchmark) and is YTD at +3.24% (-0.03% versus Benchmark). All figures are as usual reported net of all fees and costs.

Additional Information

Administration: A AC CHF

| | |
|--------------------------------------|--|
| Legal form | Mutual Fund |
| UCITS Compliant | No |
| AIF Compliant | No |
| Legal country | Switzerland |
| 1st NAV date | 11/10/2010 |
| Fund currency | CHF |
| Shareclass currency | CHF |
| Valuation | Daily |
| Share type | Accumulation |
| ISIN code | CH0114292532 |
| Bloomberg Code | AXABDAA Sw |
| Swiss Valor Code | 11429253 |
| 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

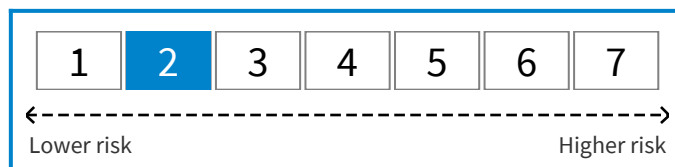
The investment objective of the sub-fund is to achieve a high and regular income from the point of view of capital security. The sub-fund aims to achieve a consistently higher ESG rating than that of the benchmark. The Swiss Bond Index SBI Total AAA-BBB is used as a benchmark.

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.



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

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, 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.