

## AXA IM Swiss Fund - Bonds CHF | AC 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 favourable 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 February 2025

The 2nd month of the year was mainly driven by geopolitical events but also from increased fears of a slowdown driven by the numerous US tariff threats.. Is it about Mexico or Canada or the EU countries, the new (old) US president didn't lose time to start with his “mad man policy” to threaten the impose of numerous tariffs on various trade partners he considers they practice an unfair trade- or migration policy. The first weeks of his presidency brought up truly lot of crazy decisions, affecting also the own economy. But also his approach to the Russian president and his hard stance versus Ukraine caused not only irritations but real woes within the Western European community. Is the transatlantic alliance breaking up? Obvious is, European countries definitely need to do more for their security as was all the decades before, means also: defence spending has to increase sustainably, especially in countries like Germany, which was one of the drivers for higher yields in Bunds..

Away from that, the overall macro picture didn't change that much so far. US headline CPI for January came in a tick higher at YoY 3.0% (vs 2.9% in December), while the core rate (ex-food and energy) was a tick higher versus previous month as well with its 3.3%, which was a slight miss by 0.1% in terms of market expectations. Better the expected for other inflation measures as for example the PCE core deflator (2.6% in January which was a decline by 0.2% vs previous month), which is the FED's most preferred inflation measure. A soft (or “no-“) landing scenario remains an ongoing realistic scenario, this also given another fair GDP print for Q4 of 2.3% (QoQ) driven by an unexpected strong personal consumption component of 4.2% (expected 3.2%). Also, no big change of the overall picture in Europe, despite that the January-Inflation showed a 2.5% print (vs a final rate of 2.2% in November), while the core rate remained at 2.7% (YoY) which was unchanged versus previous month. The February flash readings of PMI's were sending mixed signals versus December (Composite unchanged at 50.2) while the industry PMI recovered a bit (to 47.6) we swa a decline in the Service sector from 51.3 to 50.7.

We saw US Treasuries from middle of month on dropping from almost 4.60% down to 4.20%, mainly driven by growth fears and the renewed hope, the FED could pick-up with cutting rates again rather sooner than later. Bit different for German Bund, trading in a narrow bandwidth of 2.45-2.55% to end up the month at 2.40%. This mainly due to the sudden uncertainties about Germany's funding needs given all the budget discussions, driven by the need to invest more into mainly in the context of “defence and security”.. The 10yr Swiss yield traded widely in “sympathy” with Bunds, trying to reach out for 0.60% but finishing the month more or less as was end of January at 0.45%. The CPI print for January (Headline dropped from 0.60% to 0.40%) while the core rate moved up again to 0.9% (from former 0.7%). This was a beat of expectations at headline level but a miss for the core rate and left market participants bit clueless about the upcoming March meeting of the SNB, where still another cut of 25bps is expected but with a lower probability then before..

New issue activities in February were less then February 2024 (7bn vs 8bn) but still impressive given the tremendous supply seen in January! Given that the USD/CHF base swaps (but also

### 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 = 88.1% Benchmark = 67.8% (not meaningful for coverage below 50%)*

*% of AUM covered by CO2 intensity indicator: Portfolio = 79.3% Benchmark = 62.5% (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)

vs EUR) did widen step by step further, we see here more and more foreign issuer stepping into local capital markets. Again, and almost one year later, we saw Thermo Fischer raising CHF 1.4bn among 5 bonds with maturities from 2 till 20 years! Spreads were truly wider than was in 2024, a new issue premium vs secondary market (20bps) as the key driver for the strong demand. But also various others, mainly from the SSA space like Nederlandse Watershopsbank, Province of Manitoba, Landwirtschaftliche Rentenbank, European bank for Reconstruction and development or KfW or L-Bank and also various Scandies made use of the better swap-window into CHF, offering spreads of +20 till +25 area versus swap, a level not seen for a decade for such names.. Domestic wise we saw again a strong demand for the two Swiss covered bond institutions, issuing in complete CHF 2bn among various maturities, where the Swaps spread is still in the mid 30ies and therefore an attractive alternative versus Swiss Govi bonds, which are still at 0.5% yield and lower.. This was then also again reflected in the monthly Government bond auction, where again little demand met low supply and the total issued size of 380mn among the reopened 2034 and 2043 bonds can be seen as rather disappointing but still within the Treasurer's yearly funding plans..

The fund's duration was most of the time very close and in the 2nd half of the month above benchmark 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 a rather neutral bet this month as well. The fund could benefit a little bit from a slightly steeper rate curve, which applies mainly for 10s-30s, where we still maintain on our steepening position. Our overweight in top SSA names (such as Cities and Cantons) versus our underweight in Swiss Govi bonds was a neutral bet as well, while we could participate in some wider priced new issues to switch against elder, more expensive bonds in the fund.

The share class A (AXABDAI – ISIN – Retail Class) performed during February with -0.15% (Benchmark -0.11%) and is YTD at -0.80% vs Bench -0.75% (0.05% underperformance). The share class I (AXABDII – ISIN CH0112537557 – Institutional Class) finished February -0.13% (0.02% below its Benchmark) and is YTD at -0.74% (+0.01% versus Benchmark). All figures are as usual reported net of all fees and costs.

## Additional Information

### Administration: I AC CHF

Legal form	Mutual Fund
UCITS Compliant	No
AIF Compliant	No
Legal country	Switzerland
1st NAV date	29/11/2010
Fund currency	CHF
Shareclass currency	CHF
Valuation	Daily
Share type	Accumulation
ISIN code	CH0114292540
Bloomberg Code	AXABDIA Sw
Swiss Valor Code	11429254
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.

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 1:30 p.m. 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: <https://core.axa-im.com/responsible-investing/putting-esg-to-work> 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

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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-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.