# Perspectives
# US Credit

## Market Update

In early January, the market continued to benefit from "animal spirits" and deregulation dynamics anticipating Trump taking office and the potential implications of his policies. Following his inauguration, which occurred on January 20th, Trump's early days in office were received well by financial markets. The US economy continues to grow at a strong pace, posting 2.3% GDP growth for Q4 at the first estimate and 2.8% in 2024 as a whole. This is underpinned by a resilient US consumer that continues to benefit from a healthy jobs market, growing real wages, and a substantial wealth effect. However, the rates markets will continue to be volatile as Trump's policy agenda is unraveled over the course of 2025. Most notably, the market is anticipating that the combined impact of Trump's agenda, not only around tariffs but also fiscal policy and immigration, could be inflationary, thereby limiting the Fed's ability to cut rates to the extent the market was previously anticipating. Currently the market is pricing in 1 more cut in 2025, with further cuts expected in 2026. At the January FOMC meeting, the Fed held rates steady at 4.25-4.50%, as widely expected. At the press conference, Chair Powell noted the Fed has no need to hurry. During January, treasuries were firmer, with some yield curve steepening. 2-year treasury yields moved in -4bps during the month and 10-year yields tightened -2bps. Both equities and bonds rallied, posting positive returns for January. US equities ended higher after finishing mostly lower last month. The S&P 500 reached new record highs this month and generated +2.78% of total return. US IG and US HY indices posted total returns of +0.62% and +1.38% in January, respectively, while US IG spreads tightened -1bp.

Primary issuance in January totaled $199.5bn, which was above the 5-year average of $159bn, and the initial forecast of ~$159bn. New issuance during the month was driven by Financials which accounted for $123bn of issuance, while Non-Financials issued $65bn, which is about in-line with the past 4y average. A surge in supply from Financials is typical in January, post earnings. By tenor, short-end issuance picked up to 55%, the highest share since September 2023. This is a due to the significant Financial supply which is focused on the short end of the curve. M&A funding in IG markets was tepid during the month with just $1.5bn issued. A more favorable regulatory environment for the corporate sector should lead to increased M&A activity in 2025. ESG issuance accounted for $650MM, down 82% y/y. New issue supply for February is projected to be ~$165bn, which is above the 5-year average of $133bn.

Industrials (+16bps excess return) underperformed Financials (+24bps excess return), and outperformed Utilities (-43bps) in January. BBB-rated credits (+16bps excess return) outperformed A-rated credits (+13bps) and AA-rated credits (+8bps). The best performing sectors were Healthcare (+42bps excess return), Aerospace/Defense (+34bps), Railroads (+32bps) and Pharmaceuticals (+30bps), while the worst performing sectors were Electrics (-44bps), Natural Gas (-38bps), Transportation Services (-33bps) and P&C (-17bps).

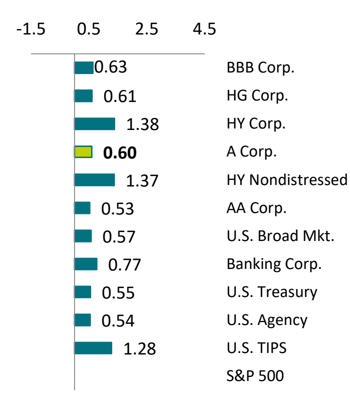
### Annual New Issue

| Year | Total Supply |
|---|---|
| 2016 | 1436 |
| 2017 | 1469 |
| 2018 | 1208 |
| 2019 | 1297 |
| 2020 | 2102 |
| 2021 | 1673 |
| 2022 | 1404 |
| 2023 | 1451 |
| 2024 | 1758 |

### ICE BofA ML US Corporate Index YTD Returns %

| | Total | Excess |
|---|---|---|
| US CORPORATE INDEX | 0.61 | 0.05 |
| Automotive | 0.62 | 0.10 |
| Banking | 0.76 | 0.23 |
| Basic Industry | 0.67 | 0.09 |
| Capital Goods | 0.69 | 0.14 |
| Consumer Goods | 0.57 | - |
| Energy | 0.57 | (0.00) |
| Financial Services | 0.70 | 0.16 |
| Healthcare | 0.79 | 0.22 |
| Insurance | 0.48 | (0.07) |
| Leisure | 0.60 | 0.06 |
| Media | 0.62 | 0.06 |
| Real Estate | 0.60 | 0.03 |
| Retail | 0.61 | 0.05 |
| Services | 0.61 | 0.04 |
| Technology & Electronics | 0.50 | (0.05) |
| Telecommunications | 0.56 | 0.01 |
| Transportation | 0.58 | 0.03 |
| Utility | 0.17 | (0.41) |

### ICE BofA ML Index Broad Asset Class Total Return – 1 Month




Sources: AXA IM, ICE BofA ML, Bloomberg, Deutsche Bank, Citibank, J.P. Morgan as of January 31, 2025.
Past performance is not indicative of future results. For illustrative purposes only. It is not possible to invest directly in an unmanaged index. Index performance is not illustrative of the strategy's performance.

# US Corporate Intermediate Investment Grade Strategy

## Portfolio management comments

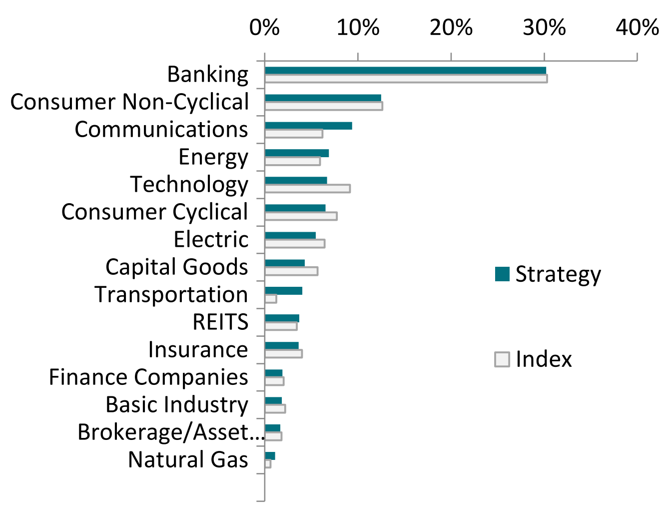
In January, the AXA IM US Corporate Intermediate Bonds Strategy slightly underperformed its benchmark, the Bloomberg Barclays US Intermediate Corporate Index (both net-of-fees and gross-of-fees, USD). Duration effect had a slight negative contribution. Security selection, yield curve effect and sector allocation all had a neutral contribution. The index posted +62bps of total return and +15bps of excess return during the month. The index's average OAS was -2bps tighter and ended the month at +69bps. The strategy finished the month with an average OAS of +75bps compared to +69bps for the benchmark and a yield-to-worst of 5.08% compared to 5.06% for the index.

The outlook for the US Investment Grade market remains impacted by a decent macro environment, anticipating solid economic growth, along with positive sentiment and technicals that should be supportive of corporate spreads. Within the broad Industrial sector, we are overweight Energy, Media, and Telecommunications and underweight Technology & Electronics, Retail, and Healthcare.

## Characteristics

| CHARACTERISTICS | Strategy | Index |
|---|---|---|
| Average Maturity (Years) | **4.7** | 4.8 |
| Yield to Maturity | **5.14%** | 5.06% |
| Current Yield | **4.27%** | 4.31% |
| Effective Duration | **3.90** | 4.03 |
| Average Coupon | **4.18%** | 4.16% |
| Option Adjusted Spread | **76** | 69 |
| Number of Issuers | **131** | 776 |
| Number of Positions | **178** | 5,144 |
| Average ML Rating | **BBB1** | A3 |
| Cash Position | **1.30%** | N/A |

## Sector Exposure




Sources: AXA IM, FactSet, as of January 31, 2025. Index: Bloomberg US Intermediate Corporate. The examples shown herein are intended only to illustrate the investment process and should not be considered a recommendation or solicitation to buy or sell any particular security. The representative account shown has been selected because it utilizes an investment setup that is typical for accounts in the relevant strategy and/or on the basis that it has adequate assets under management to effectuate a fair comparison. Please refer to the appendix for additional information about representative accounts.

# US Credit Short Duration Investment Grade Strategy

## Portfolio management comments

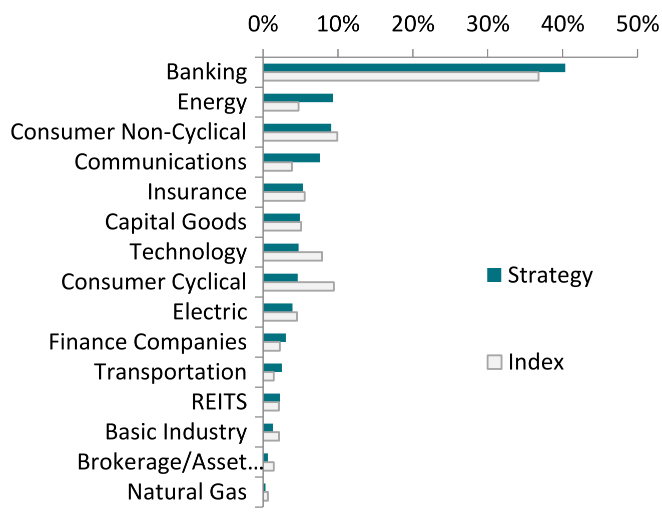
In January, the AXA US Credit Short Duration Strategy outperformed its performance indicator, the ICE BofA Merrill Lynch 1-3 Year US Corporate Index (both net-of-fees and gross-of-fees, USD). The main driver of performance was positive security selection, particularly in negative yield curve effect. Security selection contributed slightly positively, particularly in the Financial Services, Consumer Goods, and Media sectors. Duration and yield curve effect also had a positive contribution, while sector allocation was neutral. The index posted +51bps of total return for the month as 2-year US treasury yields tightened -4bps to 4.20%. The index posted +11bps of excess return as credit spreads tightened. The index's average OAS was -3bps tighter and ended the month at +53bps. The strategy aims to maintain a yield advantage relative to the performance indicator (4.92% yield to worst relative to 4.78%).

The outlook for the US Investment Grade market remains impacted by a decent macro environment, anticipating solid economic growth, along with positive sentiment and technicals that should be supportive of corporate spreads. Within the broad Industrial sector, we are overweight Energy, Media, and Telecommunications and underweight Technology & Electronics, Retail, and Healthcare.

## Characteristics

| CHARACTERISTICS | Strategy | Index |
|---|---|---|
| Average Maturity (Years) | **2.1** | 2.0 |
| Yield to Worst | **4.94%** | 4.78% |
| Current Yield | **4.21%** | 3.84% |
| Effective Duration | **1.77** | 1.80 |
| Average Coupon | **4.18%** | 3.77% |
| Option Adjusted Spread | **65** | 53 |
| Number of Issuers | **140** | 788 |
| Number of Securities | **259** | 2,179 |
| Average ML Rating | **BBB1** | A3 |
| Cash Position | **0.46%** | N/A |

## Sector Exposure




Sources: AXA IM, FactSet, as of January 31, 2025. Index: BofA ML 1-3 Year US Corporate. The examples shown herein are intended only to illustrate the investment process and should not be considered a recommendation or solicitation to buy or sell any particular security. The representative account shown has been selected because it utilizes an investment setup that is typical for accounts in the relevant strategy and/or on the basis that it has adequate assets under management to effectuate a fair comparison. Please refer to the appendix for additional information about representative accounts.

## US IG Risks Overview

**CREDIT RISK** - If an issuer of bonds defaults on its obligations to pay income or repay capital, it may result in a decrease in portfolio value. The value of a bond (and subsequently, the portfolio) is also affected by changes in credit rating downgrades and/ or market perceptions of the risk of future default. Investment grade issuers are regarded as less likely to default than issuers of high yield bonds. High-yield, lower-rated, securities involve greater risk than higher-rated securities. Portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not.

**RISK OF CAPITAL LOSS** – Any investment in our high yield strategies are not guaranteed and returns can be negative. The performance of a portfolio may not be consistent with the objectives of investors and their investment may not be fully returned.

**INTEREST RATE RISK** - Fluctuations in interest rates will change the value of bonds, impacting the value of the investment portfolio. Often, when interest rates rise, the value of the bonds fall and vice versa. The valuation of bonds will also change according to market perceptions of future movements in interest rates.

**LIQUIDITY RISK** - Some investments may trade infrequently and in small volumes and the risk of low liquidity level in certain market conditions might lead to difficulties in valuing, purchasing or selling bonds.

**RE-INVESTMENT RISK** - Reinvestment risk describes the risk that, as interest rates or market environment changes, the future coupons and principal from any bond may have to be reinvested in a less favorable rate environment. This is more likely to occur during periods of declining interest rates when issuers can issue bonds with lower levels of coupon. Re-investment risk may be greater with callable bonds

**HIGH YIELD BOND RISK** –US Credit IG portfolios may be exposed to a risk related to investments in high yield financial instruments. These instruments present higher default risks than those of the investment grade category. In case of default, the value of these instruments may decrease significantly, which would affect the value of the portfolio. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates.

# US CORPORATE BOND – INTERMEDIATE COMPOSITE

## GIPS Compliant Performance Presentation

**Investment Strategy Objective**

The "US Corporate - Intermediate" composite has an objective of generating high total returns by investing in US dollar denominated debt of investment grade companies with strong fundamentals. The portfolios in this composite are managed against indices of an intermediate maturity (typically 10 years or less). This is a total return investment strategy and aims to provide risk-adjusted out-performance, given their respective benchmarks and constraints.

**General Information**

| | |
|---|---|
| Reporting date | January 31, 2025 |
| Composite Start Date | January 31, 2009 |
| Composite Creation Date | June 17, 2013 |
| Composite Currency | USD |

**Composite Benchmarks**

Bloomberg US Corporate Intermediate Investment Grade

| Annualized (%) | 1 year | 3 year | 5 year | 10 year | Since inception |
|---|---|---|---|---|---|
| Composite (Gross) | 4.74 | 1.18 | 1.56 | 2.76 | 4.83 |
| Composite (Net) | 4.46 | 0.91 | 1.29 | 2.49 | 4.55 |
| Benchmark | 4.67 | 1.28 | 1.34 | 2.48 | 4.34 |

| Calendar year (%) | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Composite (Gross) | 4.49 | 6.86 | -9.42 | -0.58 | 8.53 | 10.57 | -0.16 | 4.52 | 4.43 | 1.26 | 4.97 |
| Composite (Net) | 4.21 | 6.58 | -9.66 | -0.84 | 8.25 | 10.28 | -0.42 | 4.24 | 4.16 | 0.99 | 4.64 |
| Benchmark | 4.22 | 7.29 | -9.40 | -1.00 | 7.47 | 10.13 | -0.23 | 3.92 | 4.04 | 0.95* | 4.35 |
| Composite Volatility 3y (%) | 5.82 | 5.46 | 6.39 | 5.16 | 5.11 | 2.28 | 2.32 | 2.46 | 2.67 | 2.79 | 2.89 |
| Benchmark Volatility 3y (%) | 6.11 | 5.75 | 6.27 | 4.81 | 4.77 | 2.26 | 2.27 | 2.41 | 2.59 | 2.71 | 2.82 |

| As of end of period | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Composite Assets (USD mil) | 1,730 | 2,085 | 2,193 | 2,920 | 3,692 | 2,629 | 2,536 | 2,618 | 2,415 | 1,016 | 872 |
| # of Portfolios in Composite | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Total Firm Discr.Assets (USD mil) | | 261,958 | 245,657 | 291,036 | 250,851 | 208,569 | 191,910 | 223,150 | 177,183 | 182,303 | 215,895 |
| Total Firm Assets (USD mil) | | 613,774 | 583,539 | 618,555 | 689,782 | 618,264 | 583,866 | 650,149 | 555,036 | 558,650 | 668,139 |

Source: AXA IM Past results are not indicative of future performance. No assurances can be made that profits will be achieved or that substantial losses will not be incurred. Returns assume the reinvestment of distributions.

# US CREDIT SHORT DURATION INVESTMENT GRADE COMPOSITE

## GIPS Compliant Performance Presentation

### Investment Strategy Objective

The US Credit Short Duration Invesment Grade composite seeks to generate a higer return than short-term government bonds and cash/cash equivalents, by investing predominantly in short duration US corporate bonds.

### General Information

| | |
|---|---|
| Reporting date | January 31, 2025 |
| Composite Start Date | October 31, 2013 |
| Composite Creation Date | December 13, 2013 |
| Composite Currency | USD |

### Composite Benchmark

The "US Credit Short Duration IG" composite is shown against the ICE BofA Merrill Lynch 1-3 year US Corporate benchmark.

| Annualized (%) | 1 year | 3 year | 5 year | 10 year | Since inception |
|---|---|---|---|---|---|
| Composite (Gross) | 5.65 | 3.21 | 2.58 | 2.72 | 2.64 |
| Composite (Net) | 5.37 | 2.94 | 2.31 | 2.45 | 2.37 |
| Benchmark | 5.39 | 2.65 | 2.14 | 2.30 | 2.22 |

| Calendar year (%) | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Composite (Gross) | 5.71 | 5.76 | -2.95 | 0.31 | 4.54 | 6.12 | 1.61 | 2.54 | 3.09 | 0.79 | 1.53 |
| Composite (Net) | 5.43 | 5.48 | -3.20 | 0.05 | 4.28 | 5.85 | 1.39 | 2.27 | 2.82 | 0.53 | 1.26 |
| Benchmark | 5.40 | 5.61 | -4.05 | -0.01 | 4.16 | 5.43 | 1.62 | 1.91 | 2.39 | 1.01 | 1.19 |
| Composite Volatility 3y (%) | 2.49 | 2.29 | 3.68 | 3.29 | 3.26 | 0.91 | 0.83 | 0.91 | 1.02 | N/A | N/A |
| Benchmark Volatility 3y (%) | 2.69 | 2.44 | 3.02 | 2.41 | 2.39 | 0.91 | 0.86 | 0.83 | 0.87 | N/A | N/A |

| As of end of period | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Composite Assets (USD mil) | 1,227 | 428 | 522 | 327 | 270 | 286 | 279 | 240 | 164 | 156 | 92 |
| # of Portfolios in Composite | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Firm Discr.Assets (USD mil) | | 261,958 | 245,657 | 291,036 | 250,851 | 208,569 | 191,910 | 223,150 | 177,183 | 182,303 | 215,895 |
| Total Firm Assets (USD mil) | | 613,774 | 583,539 | 618,555 | 689,782 | 618,264 | 583,866 | 650,149 | 555,036 | 558,650 | 668,139 |

Source: AXA IM Past results are not indicative of future performance. No assurances can be made that profits will be achieved or that substantial losses will not be incurred. Returns assume the reinvestment of distributions.

# US CORPORATE BOND – INVESTMENT GRADE COMPOSITE

## GIPS Compliant Performance Presentation

### Composite Investment Strategy

The "US Corporate Bond - Investment Grade" composite has an objective of generating high total returns by investing in the full maturity spectrum of investment grade debt of U.S. companies with strong fundamentals. The portfolios in the composite are managed with a total return investment strategy and aim to provide risk-adjusted out-performance, given their respective benchmarks and constraints.

### General Information

| | |
|---|---|
| Reporting date | January 31, 2025 |
| Composite Start Date | June 30, 2004 |
| Composite Creation Date | June 17, 2013 |
| Composite Currency | USD |

### Composite Benchmarks

Bloomberg US Corporate Investment Grade (Bloomberg 2765)

| Annualized (%) | 1 year | 3 year | 5 year | 10 year | Since inception |
|---|---|---|---|---|---|
| Composite (Gross) | 2.98 | -1.20 | 0.25 | 2.52 | 4.46 |
| Composite (Net) | 2.71 | -1.46 | -0.01 | 2.26 | 4.26 |
| Bloomberg 2765 | 2.86 | -0.96 | -0.05 | 2.18 | 4.16 |

| Calendar year (%) | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Composite (Gross) | 2.39 | 8.04 | -16.31 | -0.63 | 11.87 | 15.13 | -2.46 | 6.72 | 6.76 | -0.08 | 8.26 |
| Composite (Net) | 2.13 | 7.77 | -16.53 | -0.89 | 11.60 | 14.84 | -2.71 | 6.43 | 6.50 | -0.33 | 7.97 |
| Bloomberg 2765 | 2.13 | 8.52 | -15.76 | -1.04 | 9.89 | 14.54 | -2.51 | 6.42 | 6.11 | -0.68 | 7.46 |
| Composite Volatility 3y (%) | 9.24 | 8.89 | 9.23 | 6.97 | 6.89 | 3.71 | 3.61 | 3.85 | 4.14 | 4.23 | 4.12 |
| Benchmark Volatility 3y (%) | 9.56 | 9.14 | 9.32 | 6.93 | 6.86 | 3.63 | 3.65 | 3.88 | 4.15 | 4.13 | 4.01 |

| As of end of period | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Composite Assets (USD mil) | 564 | 784 | 737 | 1,334 | 1,236 | 524 | 459 | 490 | 258 | 1,351 | 1,351 |
| # of Portfolios in Composite | 1 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 |
| Total Firm Discr.Assets (USD mil) | | 261,958 | 245,657 | 291,036 | 250,851 | 208,569 | 191,910 | 223,150 | 177,183 | 182,303 | 215,895 |
| Total Firm Assets (USD mil) | | 613,774 | 583,539 | 618,555 | 689,782 | 618,264 | 583,866 | 650,149 | 555,036 | 558,650 | 668,139 |

Source: AXA IM Past results are not indicative of future performance. No assurances can be made that profits will be achieved or that substantial losses will not be incurred. Returns assume the reinvestment of distributions.

# GIPS® Performance Disclosure Notes

**Error Disclosure**
In previous versions of the GIPS Composite slides in this presentation from January to February 2024, there were material and/or immaterial errors in the 3 and/or 6-month cumulative performance. This error resulted from an anomaly between a third-party and our local systems.
An internal GIPS review revealed that some GIPS-required information was omitted or erroneous in prior iterations of this GIPS presentation, including:

- For all composites: Calendar year composites and respective indexes volatility 3y % were omitted. The Total Firm AUM for 2022 and the total discretionary AUM incorrectly were incorrectly stated.
- US Corporate Bond- Intermediate Composite: the 2014 - 2023 composite assets were omitted.

These errors and omissions have all been addressed in presentations dated after March 31, 2024.

**Claim of Compliance**
AXA IM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. AXA IM has been independently verified for the periods from December 31, 1999 through December 31, 2022. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

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**Presentation of the Firm**
AXA IM is an active long-term, responsible multi-asset manager with investment centres in the Americas, Asia Pacific and Europe offering the following investment capabilities:

**Equity** Fundamental (formerly Framlington) - active, bottom-up stock selection approach for core equities and thematic equity strategies incorporating specialist investment capabilities and responsible investing (RI) ;
**Equity QI** (Quant Investing) - offering quantitative investing by the use of technology and modelling to deliver fundamental strategies including advanced factor, systematic alpha and targeted outcome, underpinned by environmental, social and governance (ESG) principles ;
**Fixed Income** - a robust, repeatable process, which involves bottom-up credit analysis and top-down macroeconomic research to deliver outcome-oriented solutions that span the fixed income spectrum; a range of high yield strategies investing within and across regions, sectorsand maturities. Dedicated high yield teams employ a consistent investment process which has been tested over a range of market cycles and conditions; a strong bottom-up credit analysis and top-down macroeconomic research approach for traditional, benchmarked to fully flexible strategies which employ several different investment styles, including active and buy-and-maintain ;
**Multi Asset** - a combined fundamental top-down and bottom-up analysis with embedded risk monitoring to all client types for outcome-oriented and customized multi-asset solutions.
**Alternative Credit** - a broad range of alternative sources of return from across the credit continuum, beyond traditional credit investments, to suit various risk/return and liquidity profiles through standalone and multi-strategy investments ;
**Listed Real Assets Equity**

GIPS firm historical changes are available upon request.

**List of Composites and Pool funds**
A list of composite descriptions and a list of fund descriptions for limited and broadly distributed pooled funds are available upon request.

**Use of derivatives:**
Portfolios may invest in derivatives including Credit Default Swaps (CDS) and Total Return Swaps (TRS) for leverage purposes. Please refer to composite investment strategy for any use of derivatives.

**Portfolio Valuation**
Portfolios are valued according to the market closing prices each day, except for certain portfolios valued in Germany, which use the closing price of the previous day, and the UK, where the price used is the 2pm price of the same day. In order to apply this valuation policy, the NAV of the day following the valuation date is used for certain portfolios. Dividends paid on securities in the portfolio are accounted for using ex-dividend date and are gross of any withholding taxes. Buy and sell transactions are taken into account using trade-date valuation after confirmation of the trade by the counterparty, except in Germany where settlement date valuation is used. Accrued interest on debt securities is recorded each time the portfolio is valued. All proceeds, including realized and unrealized gains or losses in the portfolio are included in the value of assets. There are minor exceptions to these general rules for specific types of portfolios. Some securities in portfolios of US High Yield composites are valued by reference to broker quotes.

**Minimum Asset Level & Total Firm Assets**
The minimum portfolio size for the US High Yield and US Investment Grade composites is 10,000,000 USD. If the portfolio falls below 10,000,000 USD for more than three months it is excluded from the performance calculations for the following month. For all other composites, the upper threshold is defined at 10,000,000 EUR the lower threshold at 8,000,000 EUR, with a 6-month grace period. AUM figures for the Firm include all portfolios falling within the definition of the Firm.

# GIPS® Performance Disclosure Notes (continued)

**Significant Cash Flows**

If the average cash balance of a portfolio is above 10% for a specific month, the entire portfolio is temporarily removed from the composite performance for that particular month. Additional information regarding the treatment of significant cash flows is available upon request.

**Dispersion**

Dispersion is defined as the standard deviation of portfolios returns for the period in question, taking into account the portfolio beginning relative weight (equally weighted measure until December 2020, asset weighted dispersion measure since January 2021). It is only displayed if there are at least five portfolios that remain for the entire period in the composite.

**Currency Used to Express Performance**

Composite performance figures are presented in the currency of the composite.

**Performance Results / Fees**

Composite returns are calculated both gross and net of fees. Gross of fees returns are calculated gross of management and custodial fees and net of all trading expenses. Net performance results shown are net of a model management fee which represents the highest fee applicable to institutional investors shown below:

US Core High Yield Composite: First $50 million: 0.48%; next $50 million: 0.44%, next $50 million: 0.41%, next $50 million: 0.39%, Amount above $200 million: 0.37%.

US Short Duration High Yield Composite: Flat fee: 0.45%.

US Dynamic High Yield Composite: Flat fee: 0.60%.

US Enhanced High Yield Composite: Flat fee: 0.95%

US Investment Grade Corporate Bond Composites: First $50 Million: 0.26%; next $50 million: 0.24%; next $50 million: 0.20%; next $50 million: 0.18%. Amount above $200 million: 0.17%.

Global High Yield Composite: First $50 million: 0.48%; next $50 million: 0.44%, next $50 million: 0.41%, next $50 million: 0.39%, Amount above $200 million: 0.37%.

US High Yield Low Carbon Composite: First $50 million: 0.48%; next $50 million: 0.44%, next $50 million: 0.41%, next $50 million: 0.39%, Amount above $200 million: 0.37%.

**Benchmarks**

The composite may be managed against a specific benchmark as indicated on the composite page. The extent to which any given composite invests in countries or regions not included in the benchmark depends on the limits (if any) specified in the investment management contracts of the individual portfolios in the composite. In general, such investment is marginal and is typically less than 10% for any given portfolio.

**Compliance with Local Laws**

This performance presentation does not conflict with any relevant local laws in any of the AXA IM management centres included in the Firm perimeter.

**Calculation Methods**

Composite performance is calculated on a monthly basis as follows:

- The portfolios entering the performance calculation are determined according to the Minimum Asset Level described above.
- Each portfolio brings its own specific start and end dates to the calculation, depending on the particular valuation dates of the portfolio.
- The performance of each portfolio is calculated using the start and end dates relevant to the period in question, and using daily-weighted cash flows.
- The performance of a composite is calculated as a weighted average (using each portfolio's assets under management as at each portfolio's specific start date for the period in question) of the performances of the portfolios.
- Quarterly, annual, cumulative and since-inception returns are calculated by linking the composite monthly returns through compounded multiplication.

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