

AXA WF Global Inflation Bonds I EUR

Fund Managers's Comment

With no major monetary policy decisions, the rates market was fully driven by data releases which were in majority surprising to the upside. Therefore, the narrative shifted towards a "higher for longer" rates environment, significantly de-pricing rate cuts for 2024 and putting bear flattening pressures in the yield curve.

Inflation breakevens remained supported, delivering positive performance across all markets particularly at the front end. While oil prices were stable during the month (around 82\$/bl), inflation prints surprised to the upside as well as leading indicators, particularly in the US.

In the US, January's inflation data came in stronger than expected. Headline CPI printed at +0.3% mom vs. +0.2% Dec and +0.2% forecasted. Core-CPI also surprised on the upside at +0.4% (unrounded +0.392%) vs. +0.3% prior. Looking into details, "supercore" (core-CPI services ex-rent/OER) was 0.849% versus 0.340% prior which revived doubts about inflation converging towards the 2% target. Also PPI and headline payrolls printed much higher-than-expected in January at +353k (highest since Jan 2023) vs. the +185k consensus setting doubts about the labor market softening and future normalization in core services.

But just in the aftermath, UK CPI inflation was unchanged at 4.0% in January (consensus and BoE expectations were for an uptick to 4.1%). Core CPI was steady and RPI eased to 4.9% yoy vs a consensus of 5.1%. The steady headline and core reading came about despite a January increase in utility bills (adding almost 0.2ppts to the CPI rate versus December), a rise in used car prices and comparison against weakness in a number of services categories last January, measures that remain volatile.

Performance was negative in the "all maturities" universe. On a duration adjusted basis, the front end underperformed in a sharp bear flattening move. Market repriced a slower path of rate cuts for this year from 6 to just 3 cuts of 25bp over 2024. The US was the worst performer amongst all markets as it saw the highest upward macroeconomic surprises. We continue looking for attractive entry points to add duration to the portfolios. Relative performance of the fund was negative during the period.

Benchmark

Since: 13/09/2005

100% Bloomberg World Inflation-Linked Hedged EUR

The Fund is actively managed with deviation expected in term of constitution and performance compared to benchmark that is likely to be significant.

Fund Profile

ESG Rating



ESG Relative Rating

Lower  Higher

CO2 Relative rating

More CO₂  Less CO₂

% of AUM covered by ESG absolute rating: Portfolio = 99.5% Benchmark = 100.0% (not meaningful for coverage below 50%)

% of AUM covered by CO2 intensity indicator: Portfolio = 98.9% Benchmark = 100.0% (not meaningful for coverage below 50%)

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

Fund Manager

Elida RHENALS

Ana OTALVARO - Co-Manager

Additional Information

Administration: I EUR

Legal form	SICAV
UCITS Compliant	Yes
AIF Compliant	No
Legal country	Luxembourg
1st NAV date	13/09/2005
Fund currency	EUR
Shareclass currency	EUR
Valuation	Daily
Share type	Accumulation / Income
ISIN code C / D	LU0227145629 / LU0227145975
Distribution Type	Net Income
Bloomberg Code C / D	AXAGIBA / AXAGIBD
Transaction costs	0.10%
Ongoing charges	0.43%
Financial management fees	0.3%
Maximum management fees	0.3%
Performance fees : none	
Minimum initial subscription	100 000 EUR
Minimum subsequent subscription	10 000 EUR
Management company	AXA INVESTMENT MANAGERS PARIS S.A.
Delegation of account administration	State Street Bank International GmbH (Luxembourg Branch)
Custodian	State Street Bank International GmbH (Luxembourg Branch)

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 Sub-Fund's investment objective is to seek performance by investing mainly in inflation-linked bonds issued in OECD countries, over a medium term period.

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 5 years.

Risk Indicator

The information shown below is from the KID PRIIPS.



The risk indicator assumes you keep the product for 5 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 3 out of 7 which is the a medium-low risk class. This rates the potential losses from future performance at a medium-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 can be materially relevant, such as counterparty risk, derivatives risk. For further information, please refer to the prospectus.

This product does not include any protection from future market performance so you could lose some or all of your investment.

Subscription Redemption

The subscription, conversion or redemption orders must be received by the Registrar and Transfer Agent on any Valuation Day no later than 3 p.m. Luxembourg time. Orders will be processed at the Net Asset Value applicable to such Valuation Day. The investor's attention is drawn to the existence of potential additional processing time due to the possible involvement of intermediaries such as Financial Advisers or distributors. The Net Asset Value of this Sub-Fund is calculated on a daily basis.

* 1st NAV date: 13/09/2005

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 does not present any regulatory or contractual objectives on ESG indicators.

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* 1st NAV date: 13/09/2005

Additional Information (Continued)

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<https://ec.europa.eu/consumers/odr/main/?event=main.adr.show2>).

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* 1st NAV date: 13/09/2005

Source(s): AXA Investment Managers as at 29/02/2024

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