

Not for Retail distribution: this document is intended exclusively for Professional, Institutional, Qualified or Wholesale Investors / Clients, as defined by applicable local laws and regulation. Circulation must be restricted accordingly

Green, Social and Sustainability Bonds

Strong sovereign issuances continue

- With \$474bn of issuance over 2024, the GSS universe continues its steady growth and stands at \$3.1tn. 74 new issuers joined the GSS market in 2024.
- Rates rallied significantly on the back of French political uncertainty. In the meantime, ECB delivered the first rate cut.
- The sustainable bond universe delivered 0.56% over the month and -0.83% YTD in EUR hedged terms.

Johann Plé, Senior Portfolio Manager

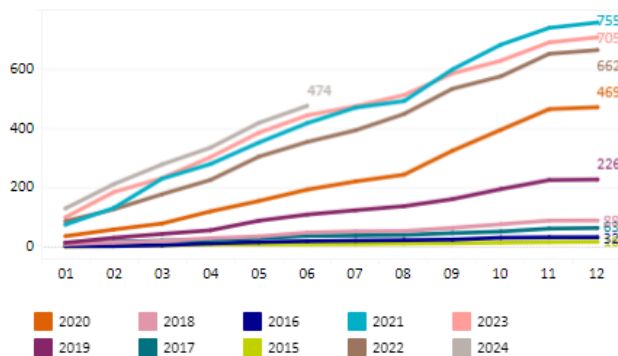
Rui Li, Portfolio Manager

What's happening?

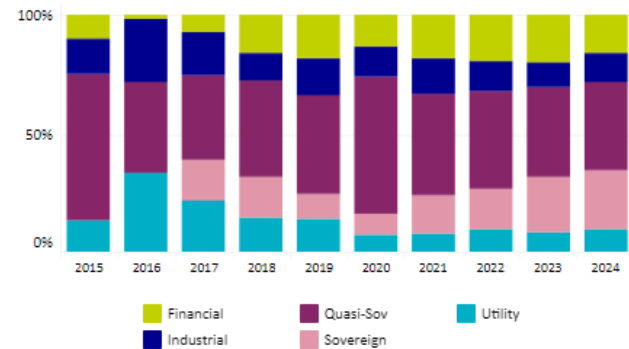
| | Key developments | Key figure |
|-----------------------------|--|---|
| Green Bonds | At end of June 2024, Green Bond issuances reached \$300bn YTD, with a strong contribution from Sovereign & Utility sector during the month, accounting for 27% and 31% respectively. In the Sovereign space, Australia joined the market with its first green bond issuance, making AUD the 3 rd biggest currency in terms of issuances, just after EUR and USD. Emerging countries have kept the positive trend, representing more than 10% of the overall issuance. | +\$36bn over June \$300bn YTD (+8% vs 2023) 49 new issuers YTD \$1.81tn Market value |
| Social Bonds | We saw limited amount of issuances over the month in the Social Bonds space, only Financials and Quasi-sovereigns have remained active. In terms of currency, EUR represents around 52% of 2024 issuances, followed by USD at 25%. | +\$5bn over June \$61bn YTD (-2% vs 2023) 8 new issuers YTD \$498bn Market value |
| Sustainability Bonds | Steady issuances continued for Sustainability bonds in 2024 bringing the overall market size at around \$779bn. Monthly issuances were well diversified in the Sovereign side, with Brazil and Peru leading the pace. In the Corporate side, Banking sector remained the most presented, Utility and Real Estate accounted the rest 30% of monthly issuances. | +\$17bn over June \$112bn YTD (+12% vs 2023) 17 new issuers YTD \$779bn Market value |



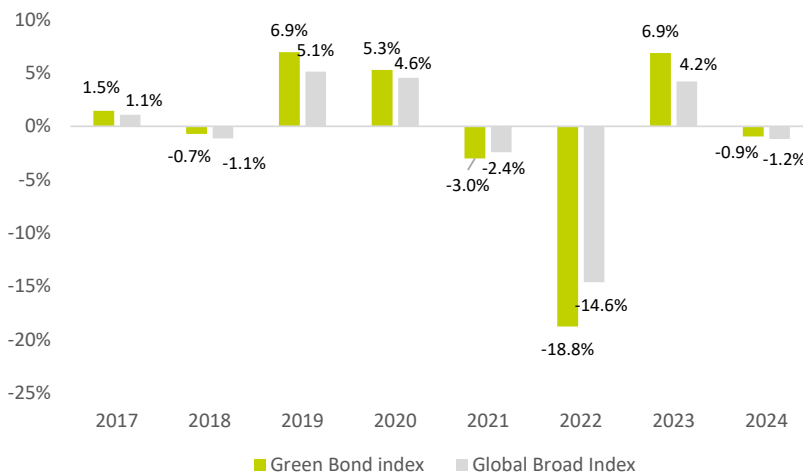
GSS bonds issuance evolution (in USD bn)



GSS Bonds issuance by Sector (in USD bn)



Calendar Performance Comparison

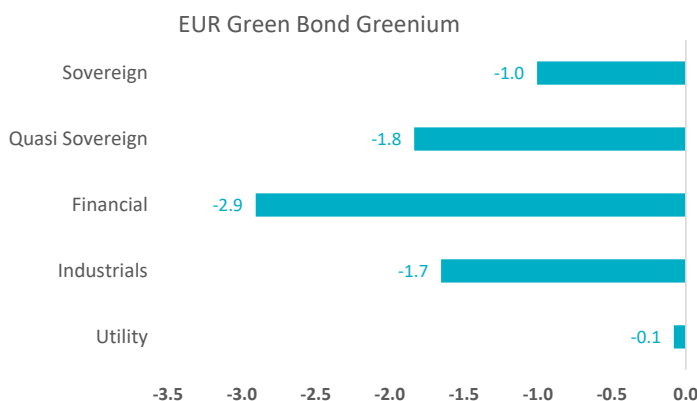


Source : AXA IM, Bloomberg as of 28/06/2024

Green Bonds
Universe
outperformed
conventional
Universe for **5 years**
out of 7

What about the Greenium ?

We observe an average of **-1.9bps** greenium in the Euro Green bonds market



Source : AXA IM, Bloomberg as of 28/06/2024

While Greenium is
becoming **less and less**
relevant globally, sectorial
differences remain and
offer **arbitrage**
opportunities

Portfolio Positioning and Performance

| | Key Strategies | Performance |
|------------------|---|-------------|
| Term structure | During the month we took profit of our long duration position given the strong rally caused by French political turmoil. | + |
| Asset Allocation | We maintained our preference for credit especially in short-dated subordinated debts. | = |
| Region | We kept the overweight in Austrian sovereign debts and initiated a defensive stance in France combined with a slight overweight in Spain. | + |

Outlook

Renewed political uncertainty in France pushed interest rates down and weighed on risky assets. At the same time, the ECB delivered its first rate cut, although it remained cautious about the prospects for further easing.

Against this backdrop, rates fell sharply during the month, mechanically increasing expectations of rate cuts by the Fed or the ECB between now and the end of the year. With almost 2 rate cuts expected on either side of the Atlantic by the end of 2024, the potential for further rate rally seems limited, and a rebound cannot be ruled out in the short term without a sharp deterioration in the outlook for growth or inflation.

Credit risk premiums remain attractive. However, the rebound in volatility and uncertainty on the inflation front could weigh on risk appetite.

Not for Retail distribution: This document is intended exclusively for Professional, Institutional, Qualified or Wholesale Clients / Investors only, as defined by applicable local laws and regulation. Circulation must be restricted accordingly.

This document is for informational purposes only and does not constitute investment research or financial analysis relating to transactions in financial instruments as per MIF Directive (2014/65/EU), nor does it constitute on the part of AXA Investment Managers or its affiliated companies an offer to buy or sell any investments, products or services, and should not be considered as solicitation or investment, legal or tax advice, a recommendation for an investment strategy or a personalized recommendation to buy or sell securities.

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. Reliance upon information in this material is at the sole discretion of the recipient. This material does not contain sufficient information to support an investment decision.

Issued in the UK by AXA Investment Managers UK Limited, which is authorised and regulated by the Financial Conduct Authority in the UK. Registered in England and Wales No: 01431068. Registered Office: 7 Newgate Street, London EC1A 7NX. In other jurisdictions, this document is issued by AXA Investment Managers SA's affiliates in those countries.