

Green, Social and Sustainability Bonds

Resilient Growth in Green Bond Issuance Despite Market Volatility

- With \$251bn of issuance over 2025, the GSS universe stands at \$3.4tn.
- US tariff shock roiled markets, leaving the impact on growth and inflation uncertain as negotiations evolve.
- The sustainability bond universe delivered 1.20% over the month and 1.31% YTD in EUR hedged terms.

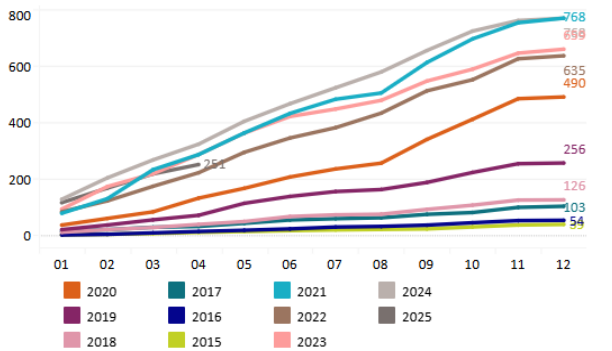
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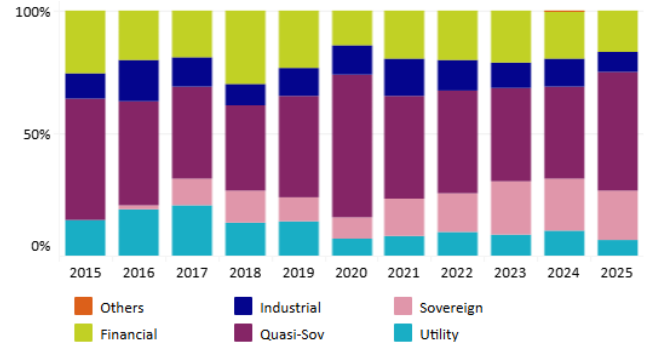
What's happening?

| | Key developments | Key figure |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| Green Bonds | Strong sovereign issuance in April at 57% of total issuances, with France and Germany came on top. Covered Bonds and Utilities were also particularly active during the month. EUR remained the predominant issuance currency, representing approximately 73% of total issuance volume, followed by USD and AUD at 6%, respectively. In terms of region, Europe continued to be the most active region in the green bond market, at 72%. | <p>+\$25bn over April</p> <p>\$137bn YTD (-31% vs 2024)</p> <p>15 new issuers YTD</p> <p>\$2.0tn Market value</p> |
| Social Bonds | We saw limited amount of issuances over the month in the Social Bonds space, with relatively important contribution from Quasi-sovereigns. Quasi-sovereign entities, at 82%, and industrials, at 16%, were the primary issuers. In terms of currency, EUR represents around 66% of 2025 issuances, followed by USD at 19%. European issuers continue to dominate the market activity this year, representing only 87% of 2025 issuances. | <p>+\$6bn over April</p> <p>\$38bn YTD (-19% vs 2024)</p> <p>1 new issuers YTD</p> <p>\$547bn Market value</p> |
| Sustainability Bonds | Steady issuances continue for Sustainability bonds in 2025 bringing the overall market size at around \$76bn. Quasi-sovereign issuers were responsible for 61% of April's growth. The picture in terms of currency this month remains very balanced, even if the USD contribution in April issuances stands at 49%. The market witnessed diversification geographically, with EM leading the contribution, at 45%. | <p>+\$7bn over April</p> <p>\$76bn YTD (-4% vs 2024)</p> <p>3 new issuers YTD</p> <p>\$830bn Market value</p> |

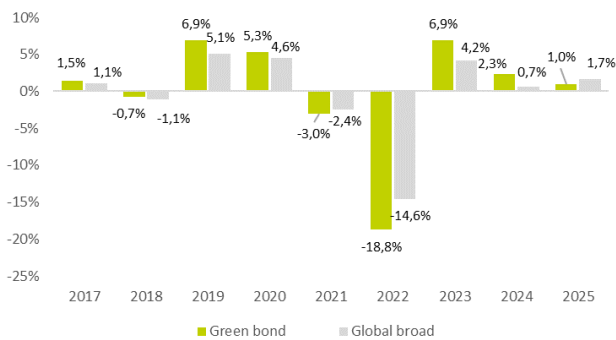
GSS bonds issuance evolution (in USD bn)



GSS Bonds issuance by Sector (in USD bn)



Calendar Performance Comparison

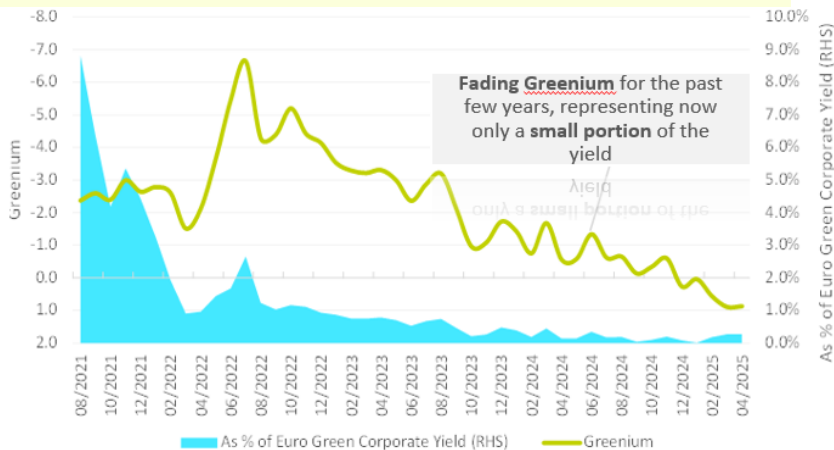


Green bonds universe
outperforming
conventional universe
for **6 years** out of 9

Source : AXA IM, Bloomberg as of 30/04/2025

What about the Greenium ?

Green bonds trade on average in line with their conventional bond



Greenium is becoming
irrelevant when
considering return
prospects yet should still
be **monitored** at bond /
sector level

Source : AXA IM, Bloomberg as of 30/04/2025



Portfolio Positioning and Performance

| Key Strategies | | Performance |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Term structure | We began the period overweight in duration vs. the benchmark, mainly from euro rates. Position reduced later due to the sharp decline in rates triggered by Liberation Day. Tactical long US duration was adopted amid initial volatility but later neutralized. | |
| Asset Allocation | We increased our exposure to reach near-neutrality in quasi-sovereign and covered bonds, at the expense of our exposure to senior corporate debt, particularly US corporates, which was reduced ahead of the tariff announcements. Overall, we remain constructive on credit, with an overweight mainly coming from financial and subordinated debt. | |
| Region | We maintained an overweight in Spanish debt, particularly in longer maturities, and were close to neutral on French and Italian debt. We also kept a slight overweight in EM sovereign debt such as Chile. | |

Outlook

The larger-than-expected tariff announcement from the US has thrown the market into turmoil. Tensions in the trade war have escalated between the US and its global trading partners, particularly China. The evolution of negotiations with each country will determine whether the current trade war escalates or de-escalates, making it too early to properly assess the impact on growth and inflation.

While tariffs could have implications for both inflation and growth in the US, it appears that the impact is more pronounced on the growth side for Europe. In this context, euro rates have outperformed US rates. A short-term rebound in rates cannot be ruled out if positive developments occur in trade negotiations over the coming weeks. However, in the medium term, the impact on growth is likely to be negative under a new regime of tariffs.

Credit spreads have widened significantly following the “Liberation Day” announcement, half of the widening have been retraced back by month-end. The risk still leans to the upside as companies’ fundamentals are expected to deteriorate amid heightened trade uncertainty and increased tariffs.

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