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Global Short Duration strategy

Easing trade war fears continue to support markets

- Despite the conflict in the Middle East, credit spreads tightened, supported by the US announcing a trade deal with China
- Government bond yields fell in the US and UK due to softer economic data while German bund yields rose on the back of a hawkish European Central Bank (ECB)
- We kept our exposure to US inflation-linked bonds stable at 9%

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Portfolio Manager, Global Short Duration strategy

What's happening?

- Despite the conflict in the Middle East and mixed economic data, credit spreads tightened, supported by the US announcing a trade deal with China and agreeing to an extension to trade negotiations with Europe. Meanwhile, the UK signed a trade deal with the US, a 'sign of strength' between the nations.
- The US Federal Reserve (Fed) held its key interest rate unchanged in a range of 4.25%-4.50% amid expectations of higher inflation and lower economic growth. The Bank of England (BoE) also held rates steady at 4.25% in a widely expected move due to the uncertainty over the growing impact of tariffs and UK government policy. Although the ECB cut the depo rate by 0.25% to 2%, ECB president Christine Lagarde sounded hawkish in signalling that they had 'nearly concluded' the easing cycle, suggesting that policy rates weren't likely to go much lower from here.
- Government bond yields fell in the US and UK due to softer economic data while German bund yields rose on the back of a hawkish ECB. UK inflation in the 12 months to May surprised to the upside at 3.4% while eurozone inflation surprised to the downside at 1.9%. US inflation was in-line with expectations at 2.4%.

Strategy in focus – representative account (30/06/25)

Assets under management	€114m
Yield (EUR / USD hedged/ CHF hedged / GBP hedged) ¹	2.2% / 4.5% / 0.1% / 4.3%
Duration ¹	2.7 yrs
Average rating ²	BBB+
Number of issuers	146
Launch date	06/07/2017

Past performance is not a reliable indicator of future results

Cumulative net performance – representative account (EUR)³

One month	+0.50%
Year-to-date	+2.30%
One year	+5.27%
Three years	+14.00%
Five years	+11.24%
Since launch	+12.04%

Annualised net performance – representative account (EUR)³

One year	+5.27%
Three years	+4.46%
Five years	+2.15%
Since launch	+1.43%

Source: AXA IM as at 30/06/2025. The data is based on a representative account that follows the strategy and is not intended to represent actual past or simulated past performance of the strategy. **Return may increase or decrease as a result of currency fluctuations.** Performance calculations are net of fees, based on reinvestment of dividends.

Portfolio positioning and performance

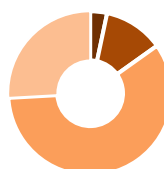
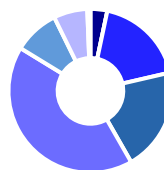
- **Sovereign:** Our exposure to sovereign bonds was broadly stable at 16% as we kept our bias towards US inflation-linked bonds, representing 9% of the portfolio. We also remained invested in UK gilts and government-related debt. We continued to actively manage the duration to benefit from the elevated volatility in sovereign yields.
- **Investment Grade:** Our exposure to investment grade markets was largely unchanged at 61% as we retained our bias towards the sterling credit market due to more attractive valuations. We were active in the US dollar, euro, and sterling primary and secondary markets.
- **High-Yield and Emerging Markets:** Our exposure to high-yield and emerging markets decreased by 2% to 19% as spreads tightened further during the month, with US high-yield outperforming again. The portfolio continued to benefit from the large re-risking done in the week following 'Liberation Day' (when we added 8%).

Outlook

- Markets continue to be very volatile as the outlook for the Fed and the US economy remains unclear due to still high interest rates, sticky inflation, mixed data, and ongoing uncertainties around US trade and fiscal policies.
- As such, we continue to actively manage the duration to benefit from the elevated volatility in sovereign yields.
- With the tariffs situation remaining very fluid and credit valuations back at fair to expensive across most asset classes, we stand ready to adjust our exposure to risk assets.

Asset class breakdown

Category	Asset Class	Total
Cash		3%
Sovereign ⁵	Nominal	7%
	Inflation-Linked	9%
	Total	16%
Investment Grade Credit	EUR IG Credit	18%
	GBP IG Credit	32%
	USD IG Credit	11%
	Total	61%
High-Yield & Emerging Markets	EUR High-Yield	10%
	USD High-Yield	5%
	Emerging Markets	5%
	Total	19%
Total		100%



Portfolio breakdowns

Breakdown by region

Cash	3%
UK	24%
Core Europe – ex UK	23%
Periphery Europe	14%
North America	29%
Emerging Markets	5%
Developed Asia	2%

Breakdown by sector

Cash	3%
Financial	41%
Defensive	17%
Cyclical	16%
Securitized	5%
Sovereign ⁴	17%

Breakdown by rating²

Cash	3%
AAA	0%
AA	18%
A	20%
BBB	42%
BB	9%
B	7%
CCC & below	1%

Breakdown by maturity

Cash	3%
0-1 year	12%
1-3 years	59%
3-5 years	26%

(1) Yield and duration calculations include cash held within the portfolio, use the next-call method for all Financials in the portfolio and duration/yield-to-worst for all other holdings. The yield is calculated gross of fees. Please note that the yield

calculations are based on the portfolio of assets and may NOT be representative of what clients invested in the strategy may receive as a distribution yield. Yields are not guaranteed and will change in future.

(2) Rating is the worst of S&P, Moody's and Fitch. In the rare case of an unrated issuer we will assign an internal credit rating.

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(4) Any Emerging Market Sovereigns are classified under "Sovereign" for the purpose of this breakdown.

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