

Not for Retail distribution: This marketing communication is intended exclusively for Professional, Institutional or Wholesale Clients / Investors only, as defined by applicable local laws and regulation. Circulation must be restricted accordingly. This marketing communication does not constitute a solicitation or investment, legal or tax advice. This material does not contain sufficient information to support an investment decision.

EURO CREDIT STRATEGY

Euro Credit Spreads Near Four-Year Lows

- o Despite this heightened uncertainty, credit spreads have continued to tighten
- o Volatility has been driven by geopolitical tensions, notably between the US and Europe
- o Q4 earnings season has been robust so far, with US and European banks reporting solid results

Boutaina Deixonne, Head of Euro Credit IG & HY

What's happening?

Geopolitical risks are increasingly shaping the global outlook and could have significant implications for credit markets. Despite this heightened uncertainty, credit spreads have tightened to historically low levels, suggesting that investors are largely overlooking policy tensions and geopolitical developments. The resilience of technical factors in high-grade markets continues to surprise, supported by robust inflows and a light supply schedule in the latter half of the month. This has driven spreads to a record-low of 62bps over asw at the end of January.

Volatility has been driven by geopolitical tensions, notably between the US and Europe. Recently, President Trump announced an additional 10% tariff on imports from eight countries, including France and Denmark, amid tensions over Greenland. This was compounded by a sell-off in Japanese government bonds (JGBs) amid concerns over high inflation and elevated debt levels, leading to broader risk-off sentiment and increased rate market volatility, particularly in Bunds and Gilts.

Tensions eased after Trump's Davos speech, with spreads tightening sharply. JGB yields remain elevated at 2.23% and 3.60%, amid Japan's debt concerns. EUR investment-grade and high-yield spreads widened briefly (3-10 bps) on high-beta underperformance, then narrowed by 4-5 bps since year-start, reaching record-tight levels due to ample cash and reduced supply. Outperformers: automotive, banking, insurance, real estate; underperformers: media, retail. Outperformers included automotive, banking, insurance, and real estate sectors, while media and retail sectors underperformed.

Q4 earnings season has been robust so far. US and European banks reported solid results, with healthy profitability and sound asset quality. Corporate earnings have been mixed: telecom, technology, and industrial sectors posted strong numbers, whereas chemicals and some consumer and luxury names disappointed.

High-grade funds continue to benefit from attractive yields and sustained investor demand, with oversubscription ratios exceeding 4x for high-quality deals. Lower-beta bonds see less demand, with oversubscriptions around 2x. Volatility and the blackout period have slowed primary issuance in recent days, totalling €99bn—56% from financials and the remainder from corporates. New issue concessions remain modest, while the strong appetite for high-beta bonds persists leading to negative concessions for few deals.

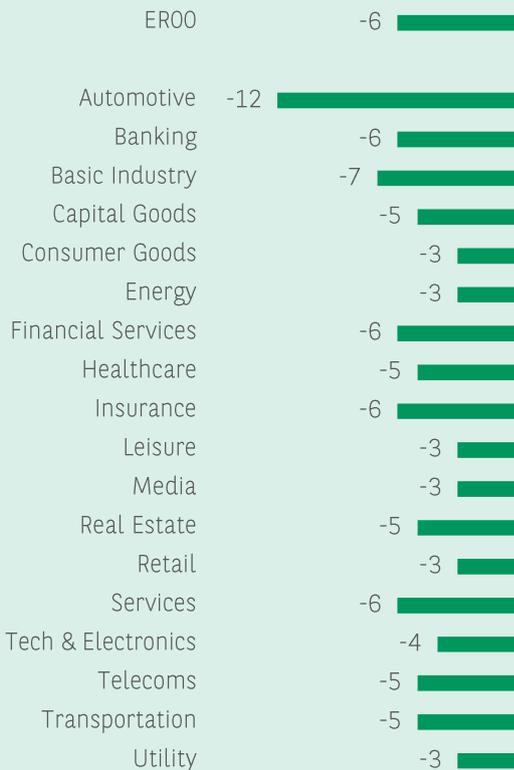
Source: All index and economic data sourced from Bloomberg, as at 31/01/2026

Portfolio positioning

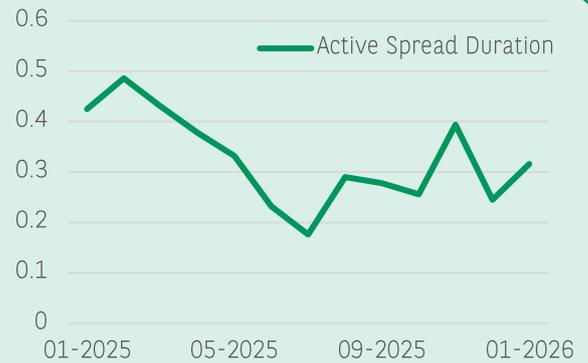
The Portfolio's DTS exceeds the benchmark by approximately 115% on average, indicating a somewhat conservative stance characterized by lower portfolio risk and improved credit quality. The spread duration is marginally higher than the benchmark.

We maintain a positive outlook on the Financials sector, with a selective focus on subordinated debt instruments. We believe that spreads within Financials Subordinated debt continue to present attractive relative value when contrasted with other sectors. Conversely, we remain underweight in Cyclical, citing ongoing structural headwinds and limited potential for gains. Additionally, we favour Corporate Hybrids, particularly those with call dates within the next five years.

Asset Swap Spreads changes - MTD



Active Spread Duration - Evolution



Our Sector Positioning

	UW	N	OW
Financial Senior			●
Financial Subordinated			●
Corporate Hybrids			●
Defensive Senior		●	
Cyclical Senior	●		

Source: AXA IM, Bloomberg, as of 31/01/2026. The data is based on a representative account that follows the Euro Credit strategy. ER00 = ICE BofA Euro Corporate Index
 UW = Underweight; N = Neutral; OW = Overweight

No assurance can be given that the Euro Credit will be successful. Investors can lose some or all of their capital invested. The Euro Credit strategy is subject to risks including Credit risk, Liquidity risk, Derivatives and leverage, High yield debt securities, Contingent convertible bonds.

Outlook

While credit markets have remained relatively calm---thanks to technical strength and limited issuance---valuations are already quite tight. Geopolitical headlines and evolving fiscal prospects will continue to influence bond yields. Given macroeconomic uncertainties and the difficulty in predicting catalysts, we adopt a cautious stance, maintaining a higher-than-benchmark carry in our portfolios without overextending. Spread duration remains slightly above the index, with a preference for financials and defensive sectors.

Euro Credit Market : Euro Corporate index (ER00)



Source: AXA IM, Bloomberg, as of 31/01/2026. ER00 = ICE BofA Euro Corporate Index.

Stock/company examples are for explanatory/illustrative purposes only. They should not be viewed as investment advice or a recommendation from BNP Paribas Asset Management. These examples do not represent all of the securities purchased, sold or recommended for the client's accounts. No representation is made that these were or will be profitable.

No assurance can be given that the Robotech Strategy will be successful. Investors can lose some or all of their capital invested. The Robotech strategy is subject to risks including: Equity; Capital Loss; Emerging markets; Investments in specific sectors or asset classes; Global investments; Investment through the Stock Connect program; Investments in small and/or micro capitalisation universe; ESG.

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

This marketing communication does not constitute a solicitation or investment, legal or tax advice. This material does not contain sufficient information to support an investment decision.

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.

Before making an investment, investors should read the relevant Prospectus and the Key Investor 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.

The products or strategies discussed in this document may not be registered nor available in your jurisdiction. Please check on the local web sites (available here: <https://funds.axa-im.com/>), where the funds and share classes published are filtered according to country of registration and investors' profile. In particular units of the funds may not be offered, sold or delivered to U.S. Persons within the meaning of Regulation S of the U.S. Securities Act of 1933. The tax treatment relating to the holding, acquisition or disposal of shares or units in the fund depends on each investor's tax status or treatment and may be subject to change. Any potential investor is strongly encouraged to seek advice from its own tax advisors.

For more information on sustainability-related aspects please visit: <https://www.axa-im.com/important-information/sfdr>

For investors located in the European Union :

Please note that the management company reserves the right, at any time, to no longer market the product(s) mentioned in this communication in the European Union by filing a notification to its supervision authority, in accordance with European passport rules.

In the event of dissatisfaction with BNP PARIBAS ASSET MANAGEMENT Europe products or services, you have the right to make a complaint, either with the marketer or directly with the management company (more information on the complaints policy is available in English: Complaints management policy - BNP Paribas Asset Management - Corporate EN). If you reside in one of the European Union countries, you also have the right to take legal or extra-judicial action at any time. The list of consumer dispute resolution entities in the Member States, Norway and Iceland and their contract data is available here: <https://consumer-redress.ec.europa.eu/dispute-resolution-bodies> and information on available means of redress are available at: https://consumer-redress.ec.europa.eu/index_en

Summary of investor rights in English is available on BNP PARIBAS ASSET MANAGEMENT Europe website <https://www.axa-im.com/important-information/summary-investor-rights>

AXA World Fund Euro Credit Short Duration, Euro Credit Plus and Euro Credit Total Return are a sub-fund of AXA World Funds. AXA WORLD FUNDS' registered office is 49, avenue J.F Kennedy, L-1885 Luxembourg. AXA World Funds is registered under the number B. 63.116 at the "Registre de Commerce et des Sociétés". AXA World Funds is a Luxembourg SICAV UCITS approved by the CSSF. It is managed by BNP PARIBAS ASSET MANAGEMENT Europe, a company incorporated under the laws of France, having its registered office located at 1 boulevard Haussmann - 75009 Paris and its business office located at Tour Majunga- La Défense 9 – 6, place de la Pyramide, – 92800 Puteaux, registered with the Paris Trade and Companies Register under number 319 378 832, and a Portfolio Management Company, holder of AMF approval no. GP 96002, issued on 19 April 1996

Past performance is not a guide to current or future performance, and any performance or return data displayed does not take into account commissions and costs incurred when issuing or redeeming units. References to league tables and awards are not an indicator of future performance or places in league tables or awards and should not be construed as an endorsement of any BNP PARIBAS ASSET MANAGEMENT Europe or their products or services. Please refer to the websites of the sponsors/issuers for information regarding the criteria on which the awards/ratings are based. The value of investments, and the income from them, can fall as well as rise and investors may not get back the amount originally invested. Exchange-rate fluctuations may also affect the value of their investment. Due to this and the initial charge that is usually made, an investment is not usually suitable as a short term holding.

In France, this document has been edited by BNP PARIBAS ASSET MANAGEMENT Europe, a company incorporated under the laws of France, having its registered office located at 1 boulevard Haussmann - 75009 Paris, registered with the Paris Trade and Companies Register under number 319 378 832, and a Portfolio Management Company, holder of AMF approval no. GP 96002, issued on 19 April 1996.

Austria

The current prospectus of the fund AXA WF Euro Credit Short Duration, Euro Credit Plus and Euro Credit Total Return as well as the current key information document for packaged retail and insurance-based investment products ("PRIIP") were published in electronic form on www.axa-im.at on June 2024 and by deposition at AXA Investment Managers Deutschland GmbH, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main. Investors and interested persons in Austria receive the respective prospectus in German, the respective key information document for packaged retail and insurance-based investment products ("PRIIP") in German in paper form, the respective fund rules (Fondsbestimmungen) and the respective annual and semi-annual report of the AXA WF Euro Credit Short Duration, Euro Credit Plus and Euro Credit Total Return free of charge at AXA Investment Managers Deutschland GmbH and on www.axa-im.at. There further information and documents regarding the product may be examined. The issue prices and redemption prices are also available at there and on www.axa-im.at. At State Street Bank International GmbH, Luxembourg Branch Shareholder services - Registration team 49, Avenue J.F. Kennedy - L - 1855 Luxembourg the subscription-, payment-, repurchase- and redemption orders may be submitted. At the AXA Investment Managers Deutschland GmbH as well as at www.axa-im.de/rechtliche-hinweise a summary of information on investor rights is available upon request in German language. The company managing the respective fund may discontinue further distribution of the fund.

Belgium

In Belgium, this document is intended for Professional Clients only, as defined by local laws and the MIFID directive, and is distributed by AXA IM Benelux SA/NV, 1 Place du Trône – 1000 Brussels Belgium.

Denmark, Finland, Norway, Sweden

The current prospectus of the funds AXA WF Euro Credit Short Duration, Euro Credit Plus and Euro Credit Total Return as well as the current respective key information document for packaged retail and insurance-based investment products ("PRIIP") are published in electronic form on <https://nordics.axa-im.com/> on June 2024 and by deposition at AXA Investment Managers Deutschland GmbH, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main. Investors and interested persons receive the respective prospectus in English, the respective key information document for packaged retail and insurance-based investment products ("PRIIP") in national language in paper form, the respective fund rules and the respective annual and semi-annual report of the AXA WF Euro Credit Short Duration, Euro Credit Plus and Euro Credit Total Return free of charge at AXA Investment Managers Deutschland GmbH and on [please add relevant country website(s)]. There further information and documents regarding the product may be examined. At State Street Bank International GmbH, Luxembourg Branch Shareholder services - Registration team 49, Avenue J.F. Kennedy - L - 1855 Luxembourg the subscription-, payment-, repurchase- and redemption orders may be submitted. The issue prices and redemption prices are available at this information and paying agent and on <https://nordics.axa-im.com/>. At the AXA Investment Managers Deutschland GmbH as well as at www.axa-im.de/rechtliche-hinweise a summary of information on investor rights is available upon request in German language. The company managing the respective fund may discontinue further distribution of the fund.

France

In **France**, this document has been edited by BNP PARIBAS ASSET MANAGEMENT Europe, a company incorporated under the laws of France, having its registered office located at 1 boulevard Haussmann - 75009 Paris, registered with the Paris Trade and Companies Register under number 319 378 832, and a Portfolio Management Company, holder of AMF approval no. GP 96002, issued on 19 April 1996.

Luxembourg

In Luxembourg, this document is intended for Professional Clients only, as defined by local laws and the MIFID directive, and is distributed by AXA IM Benelux SA/NV, 1 Place du Trône – 1000 Brussels Belgium.

Germany

For professional clients only. Not for retail investors This is promotional material, not a regular mandatory document and is not suitable for any kind of sales services, consulting or financial services vis-à-vis retail clients. The information in this document is exclusively addressed to professional clients who receive this document directly from AXA Investment Managers Deutschland GmbH / its affiliated companies. It is to be treated strictly confidential. The recipients are not allowed to pass this document and the information contained herein on to a third party, in whole or in part, without the prior written consent of AXA Investment Managers Deutschland GmbH / its affiliated companies. You will receive the respective prospectus in German, respective key information document for packaged retail and insurance-based investment products ("PRIIP") in your national language in paper form and the respective annual and semi-annual report upon request free of charge and in paper form at AXA Investment Managers Deutschland GmbH • Thurn-und-Taxis-Platz 6 • 60313 Frankfurt/Main or from our distribution partners or under www.axa-im.de. At the AXA Investment Managers Deutschland GmbH as well as at www.axa-im.de/rechtliche-hinweise a summary of information on investor rights is available upon request in German language. At State Street Bank International GmbH, Luxembourg Branch Shareholder services - Registration team 49, Avenue J.F. Kennedy - L - 1855 Luxembourg the subscription-, payment-, repurchase- and redemption orders may be submitted. The company managing the respective fund may discontinue further distribution of the fund."

Italy

This document is intended for informational purposes only, and in no event is intended for retail customers and/or end investors. The information contained herein is for professional clients and eligible counterparties as defined by local laws and the MIFID directive, it is presumed, therefore, experience, knowledge and expertise to make their own investment decisions and properly assess their risks.

Netherlands

In the Netherlands, this document is intended for Professional Clients only, as defined by local laws and the MIFID directive, and is distributed by AXA IM Paris - Netherlands Branch, Beethoven 500 – 4th Floor, Beethovenstraat 518 – 1082 PR Amsterdam - the Netherlands. AXA Investment Managers Paris is a company incorporated under the laws of France, having its registered office located at Tour Majunga, 6 place de la Pyramide, 92800 Puteaux, registered with the Nanterre Trade and Companies Register under number 353 534 506, and a Portfolio Management Company, holder of AMF approval no. GP 92-08, issued on 7 April 1992.

Spain

This document is intended for informational purposes only, and in no event is intended for retail customers and/or end investors. The information contained herein is for professional clients and eligible counterparties as established in articles 194 and 196 of the consolidated text of Law 6/2023 of 17 March on the Securities Markets and Investment Services (Ley del Mercado del Valores y de los Servicios de Inversión), it is presumed, therefore, experience, knowledge and expertise to make their own investment decisions and properly assess their risks.

Switzerland

The information provided here by AXA Investment Managers is for advertising purposes. It shall not constitute legal, financial or tax advice, nor is it an offer or recommendation for the purchase or sale of financial instruments.

In Switzerland, this document is intended for professional investors according to Swiss law only. It is distributed by AXA Investment Managers Switzerland Ltd, Ernst-Nobs-Platz 7, CH-8004 Zurich (Postal address: P.O. Box 1078, CH-8021 Zurich). The Swiss representative for the Luxembourg-domiciled SICAV (société d'investissement à capital variable) AXA World Funds is FIRST INDEPENDENT FUND SERVICES LTD. (FIFS), Feldeggstrasse 12, CH-8008 Zurich. The Swiss paying agent is NPB New Private Bank Ltd, Limmatquai 1, CH-8001 Zurich. The current prospectus, the Key Information Document (PRIIPs KID), the articles of association as well as the annual and semi-annual reports can be obtained free of charge from the Swiss representative. In respect of the units offered in Switzerland, the place of performance is the registered office of the Swiss representative. The place of jurisdiction is at the registered office of the Swiss representative or at the registered office or place of residence of the investor.