

# Inflation Expertise

AXA Fixed Income

Monthly Review

May 2022

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- Team, Philosophy and Process p.21

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# Executive summary

## Inflation Strategies



### Why invest?

**Protect against inflation** within a fixed income allocation

**Benefit from the return potential** of Global Inflation Linked Bond markets

**Adapt to changing market conditions** to capture investment opportunities



### Our solution

**Full coverage of the different inflation linked bonds strategies** such as long or short duration as well as breakeven strategies

**Ability to build tailor-made solutions** to better answer client's needs

SFDR **Article 8\*** products within AXA IM's **ESG Integrated** category



### Competitive advantages

Purist fixed income product **investing mainly in inflation linked bonds**

Proven **track record** and 30 years + experience in inflation linked assets

Leveraging AXA IM's **global fixed income process** and **local experts**

Source: AXA IM. For illustrative purposes only. \*The product categorization is provided based on the basis of the European Directive (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR Regulation") and on the basis of knowledge at the time of the creation of this document. More information available in the end disclaimer.

# Introduction to the Inflation-Linked bonds market

# Inflation

## The basics (1/2)

Inflation denotes an ongoing fall in the overall purchasing power of the monetary unit due to a rise in the general level of prices

### HOW IS IT MEASURED?



Inflation cannot be observed directly but is estimated using **price indices**, based on subjective baskets of goods and services; these baskets evolve over time as products on the market and consumers' interests change:



✓ **CPI** (Consumer Price Index)



✓ **HICP** (Harmonised Index of Consumer Prices)



✓ **RPI** (Retail Price Index)



- Measure of the average monthly change in the nominal price of the reference basket.
- They are calculated on a monthly basis and published two to three weeks after the end of the measured month.



Based on the **components**, there are two categories for inflation:

- ✓ **Headline** (*overall*) which is subject to cyclical fluctuations.
- ✓ **Core** (*underlying*), more representative of the structural evolution of prices (excludes volatile elements such as food and energy).



Depending on the **changes in price levels** over time, we also discuss about

- ✓ **Disinflation:** Refers to a deceleration in the inflation rate. The inflation rate is declining over time, but it remains positive.
- ✓ **Deflation:** is a decrease in general price levels of throughout an economy. The inflation rate is negative.

Source: AXA IM – For illustrative purposes only

# Inflation

## The basics (2/2)

### WHAT CAUSES INFLATION?



**Money supply** if the growth of the money stock increases faster than the level of productivity in the economy, price increases are likely as there is more money “chasing” the same amount of goods and services.



**Cost-push inflation** If there is an increase in the costs of firms (e.g.. raw materials), the firms will pass this on to consumers through the sale prices (with no adjusted margins).



**Demand-pull inflation** When there is an excess in aggregate demand (which occurs when the economy is growing too fast) prices are pushed higher.



**Inflation expectations** Inflation tends to be self-serving. “Future inflation will be as important as past inflation”, This is the core message from Central Banks when using inflation targeting policies. Current measures , however, may jeopardize the credibility.



**Currency war** Currency depreciation makes import prices more expensive, leading to an increase in inflation.

Source: AXA IM – For illustrative purposes only

# Inflation

## A word about seasonality

Seasonality is a **change in prices** or business patterns **at given times of the year**. This price increase is not uniform and is itself subject to monthly variations.

### SEASONALITY IS DUE TO:

#### LEGAL MEASURES



#### NATURAL FACTORS



#### CULTURAL BEHAVIOR

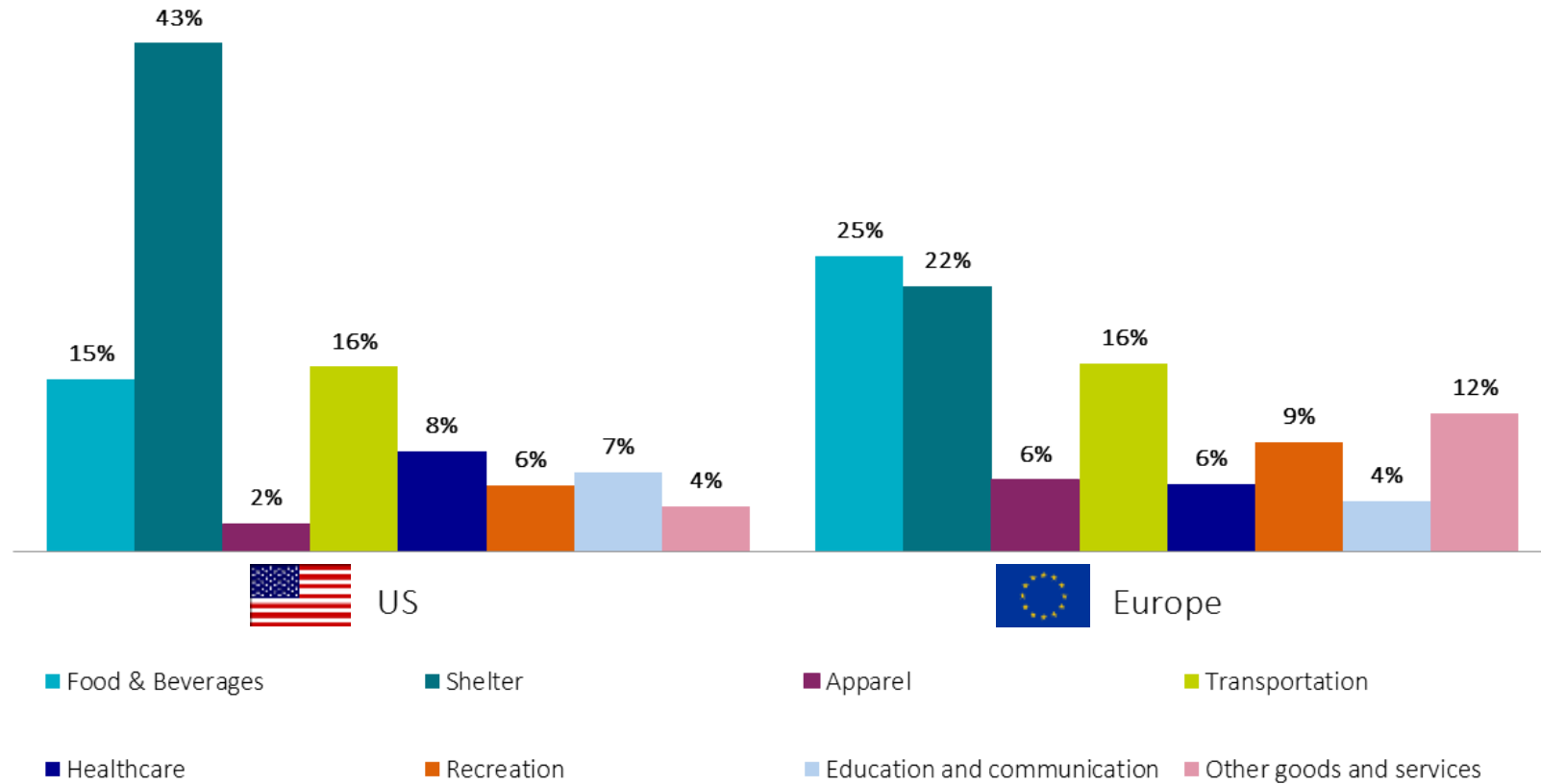


Source: AXA IM – For illustrative purposes only

# Inflation

## How consumers spend their money?

Breakdown by purpose of consumption (expenditure weights)

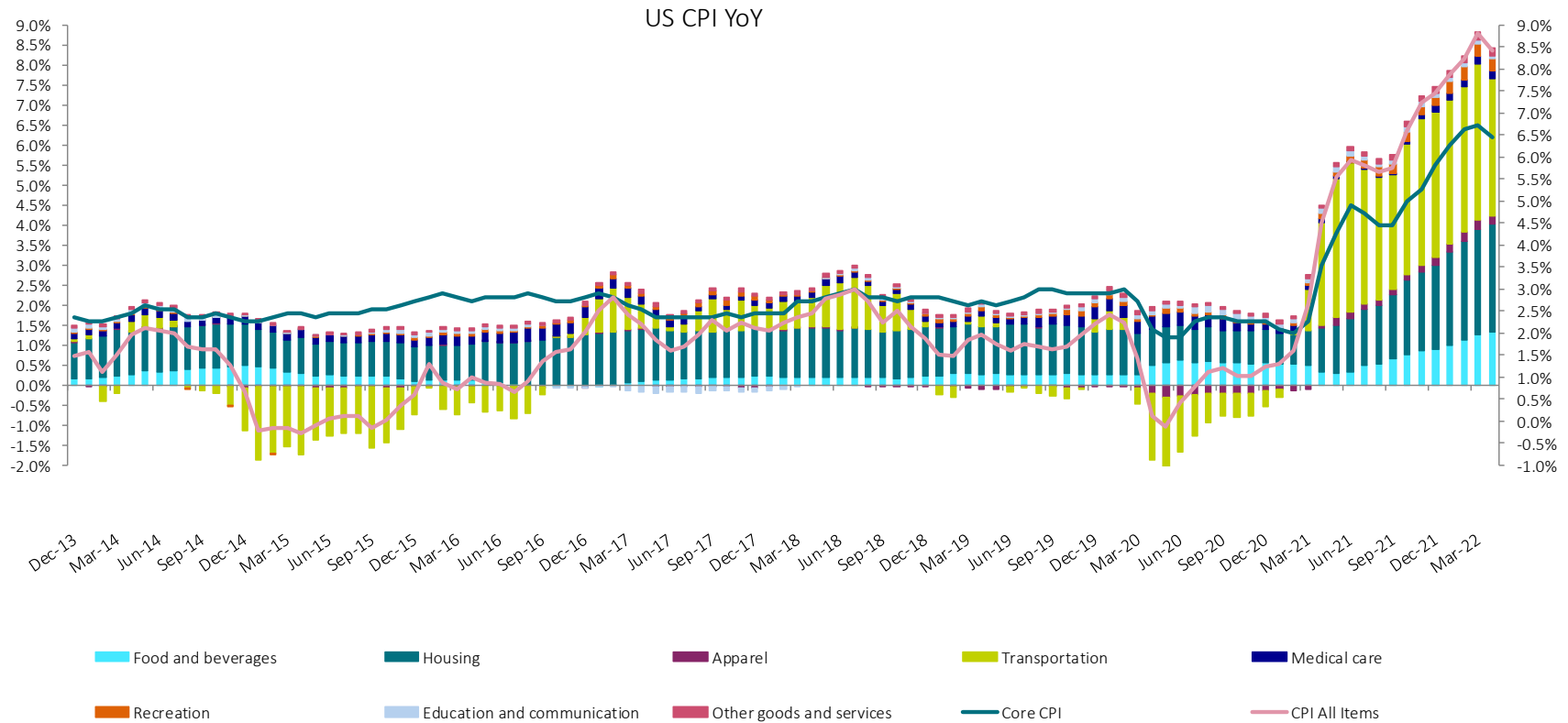


Source: ECB, [https://www.ecb.europa.eu/stats/prices/hicp/html/hicp\\_coicop\\_inw\\_2017.en.html](https://www.ecb.europa.eu/stats/prices/hicp/html/hicp_coicop_inw_2017.en.html) Bureau of Labor Statistics <http://www.bls.gov/news.release/cpi.t01.html> au 31/12/2017



# Inflation

How consumers have spent their money?

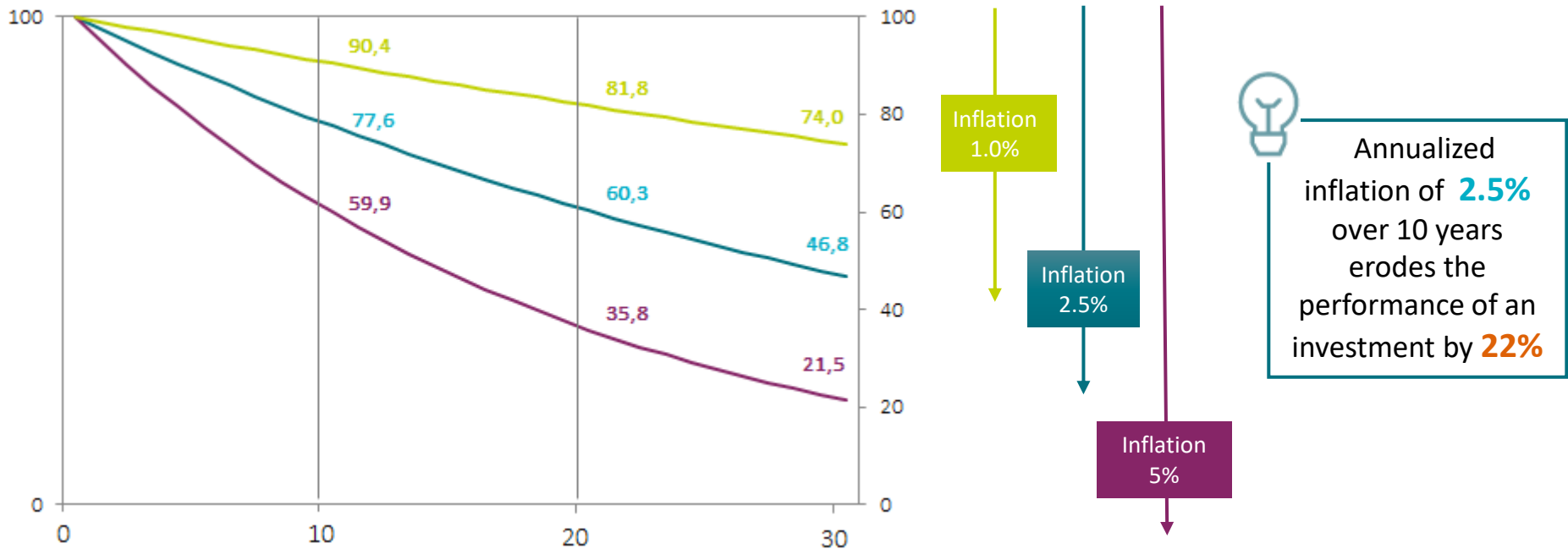


Source: Bureau of Labor Statistics <http://www.bls.gov/news.release/cpi.t01.html> as at 31/05/2022

# Inflation

## Impact on investments

Inflation **erodes the real value** of investments. The **need to think in real rather than nominal terms** and to hedge against inflation risks arises...



**Inflation-Linked Bonds may provide protection**

Source: AXA IM – For illustrative purposes only

# Inflation-linked bonds

## Key concepts of investing in inflation linked bonds

### REAL RATES

- **Premium received** every year by the buyer of the indexed linked bond **in addition to inflation**
- As future inflation is fully guaranteed by the bond issuer, market participants will agree on the annual premium earned on top of inflation every year when they trade.

### INFLATION BREAKEVEN

- The breakeven is the inflation level for which an investment made in an inflation linked bond equals an investment made in a nominal bond.
- Breakeven **reflects the expected rate of inflation** until the bond's maturity, **embedded in market prices**
- However it is also influenced by supply / demand imbalances, the inflation risk premium and relative liquidity.

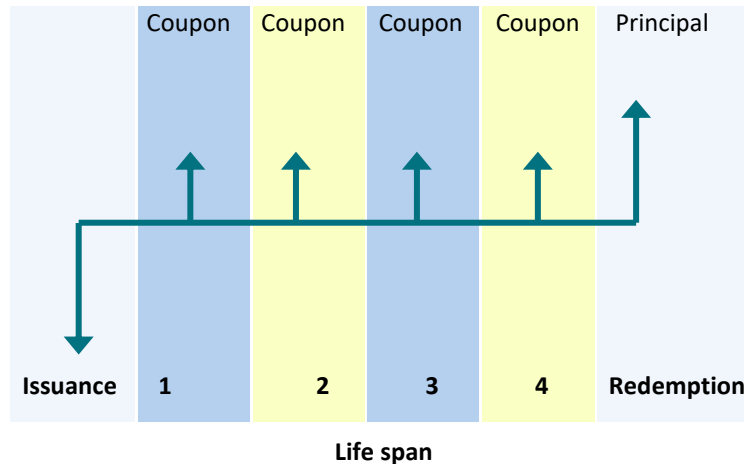
### INFLATION INDEXATION

- Most of the inflation accrual that occurs over the life of an inflation linked bond is **paid out at maturity as part of the indexation to inflation of the principal** of the bond (the rest is paid as part of coupons).
- Inflation indexation is **computed and adjusted daily** so that investors pay for past and already known inflation while getting exposure to future inflation accrual.

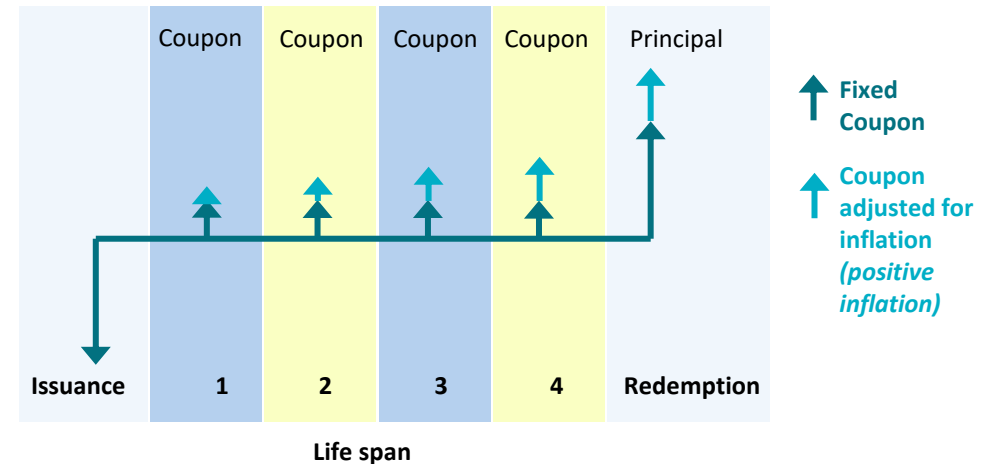
# Inflation-linked bonds

## How do they work

Cash flows of a nominal bond



Cash flows of an indexed bond



## LINKERS PROVIDE A COUPON THAT COVERS 100% INFLATION INCLUDING VOLATILE ITEMS

- Pay a fixed coupon on a principal adjusted for inflation
- Given the fact that the coupon is adjusted for inflation, it is initially smaller than the one of a nominal bond
- Pay back the maximum between par and principal adjusted for inflation at maturity

## INFLATION LAG

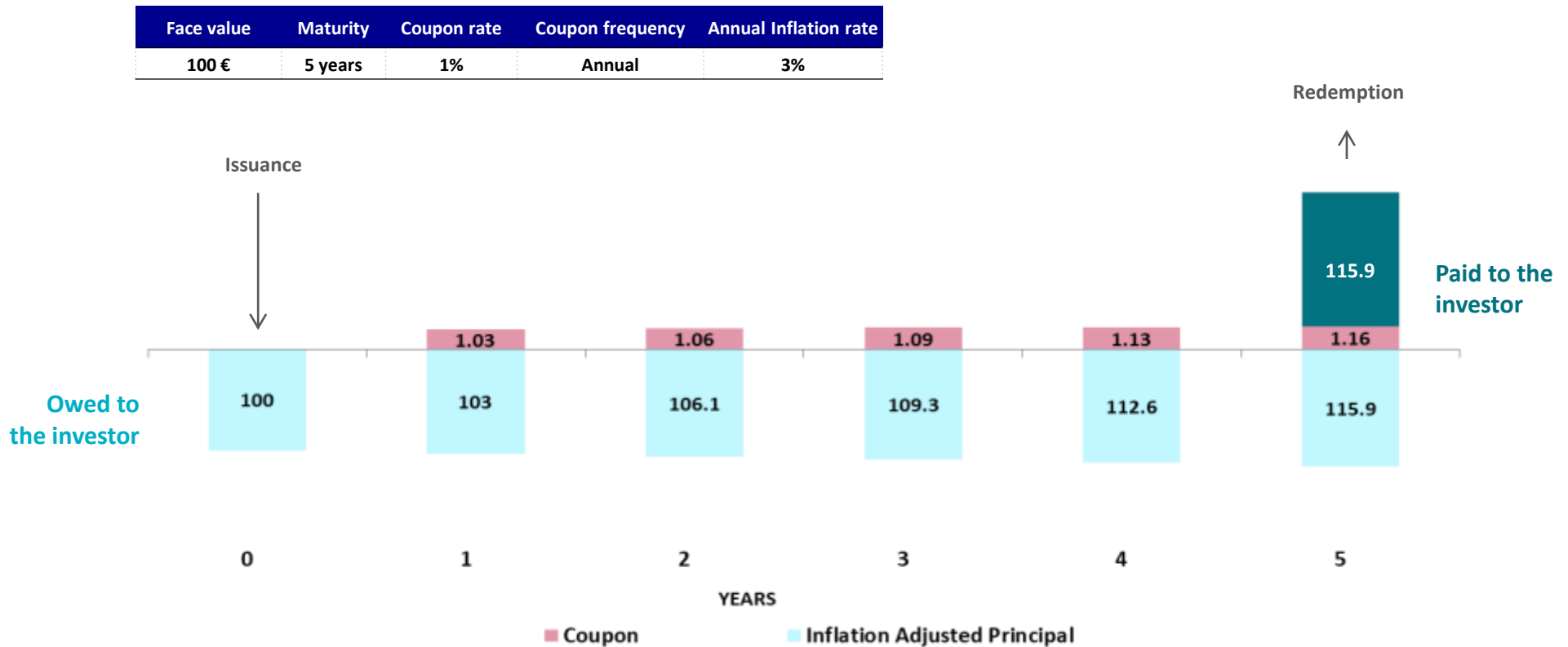
- The measure of inflation is given by the Price Index, which is a monthly figure. Nevertheless, calculation of coupons requires the use of a daily inflation measure.
- The daily inflation is compounded in the **Daily Inflation Reference (DIR)**. DIR is an interpolation of the compounded CPI between m-3 and m-2 figures.
- DIR Corresponds to the 3-month old CPI

Source: AXA IM – For illustrative purposes only

# Inflation-linked bonds

## Cashflows

Both principal and coupons are adjusted for inflation. While the impact of inflation on coupons is low, the compounding effect significantly increases the principal repayment at maturity.

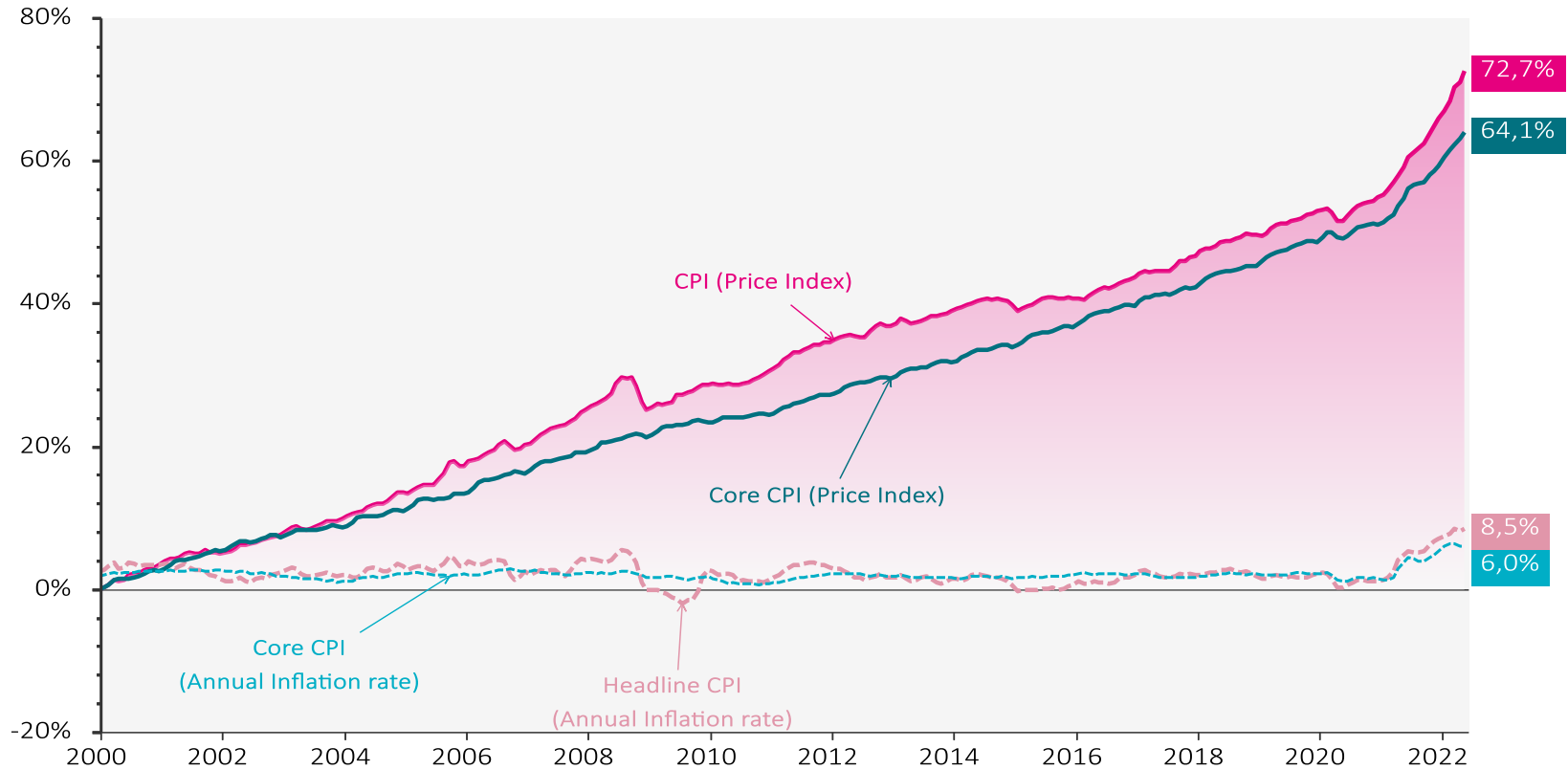


Source: AXA IM – For illustrative purposes only

# Inflation

## Historical rates

US Headline and Core Inflation (annual rate and cumulative change)

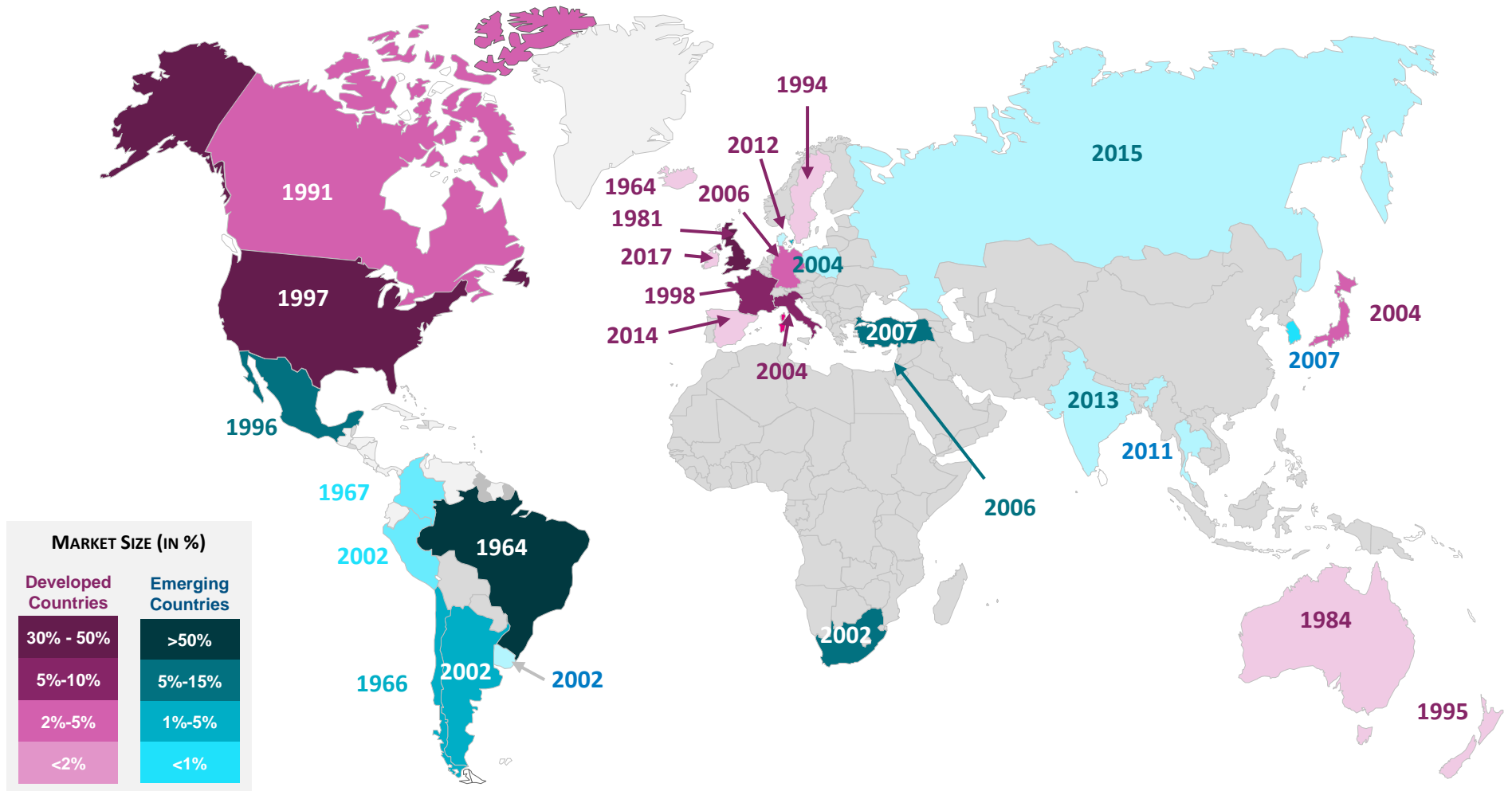


Source: Refinitiv Datastream 13/06/2022

For illustrative purposes only.

# The inflation-linked bond market today

Over \$4 trillion market cap



Source: AXA IM / Barclays as at 31/12/2021. Years relate to introduction by a country of inflation-linked bonds. For illustrative purposes only.

# The inflation-linked bond market today

## Sovereign Issuance in both DM and EM markets

Over \$3,9 trillion in Developed Markets

	US	UK	France	Germany	Italy	Spain	Sweden	Denmark	Canada	Australia	New Zealand	Japan
<b>Generic name</b>	Treasury Inflation Indexed Securities, TIIS, TIPS	United Kingdom Index-Linked Gilts	OATi, OAT€i, BTAN€i	OBL€i DBR€i	BTP€i	SPGB€i	Swedish Govt Index-Linked	DGBi	Canadian Real Return Bonds	Australian Capital Indexed Bonds	New Zealand Inflation indexed Bonds	JGBi
<b>Local Market Value (bn)</b>	1789	839	262	92	180	73	207	52	79	49	27	10 464
<b>USD Market Value (\$bn)</b>	1789	1142	299	105	206	83	23	8	63	35	18	103
<b>No Bonds outstanding</b>	45	31	16	5	11	5	6	2	8	7	4	10
<b>First issue date</b>	1 997	1 981	1 998	2 006	2 003	2 014	1 994	2 012	1 991	1 985	1 995	2 004
<b>Linking Index</b>	CPI All urban consumers NSA	RPI	French CPI ex-tobacco Euro HICP ex-tobacco	Euro HICP ex-tobacco	Euro HICP ex-tobacco	Euro HICP extobacco	CPI NSA	Denmark CPI NSA	CPI All Items NSA	All groups CPI	All groups CPI	Nationwide CPI General ex-Fresh Food

Over \$600 billion in Emerging Markets

	Brazil	Mexico	Chile	Colombia	Israel	South Africa	Turkey	Poland	South Korea	Thailand	Russia
<b>Generic name</b>	NTN-Bs, NTN-Cs	Udibonos	BCU	TES	Galil, ILCPI	South Africa Index-Linked	TURKGB	POLGB	KTBi	THAIGB	RFLBI
<b>Local Market Value (bn)</b>	1344	2111	25 327	11 446	235	733	555	4	7206	99	836
<b>USD Market Value (\$bn)</b>	254	103	31	29	74	48	41	1	6	3	11
<b>No Bonds outstanding</b>	13	8	17	8	11	9	16	1	5	1	3
<b>First issue date</b>	2 000	1 996	2 002	2 002	2 006	2 000	2 007	2 003	2 007	2 011	2 015
<b>Linking Index</b>	IPCA, IGPM	Unidas de Inversion (UDI)	UF Consumer Price Index	UVR Consumer Price Index	Israel CPI	South Africa CPI NSA	Turkish CPI	Polish CPI	Korean CPI	Thailand CPI	Russia CPI

Source: AXA IM / Bloomberg Barclays Indices as of January 2022. Excludes bonds sub-1y maturity. For illustrative purposes only.



# The inflation-linked bond market

Our country coverage encompasses the ESG analysis

## Developed Markets

Country		US	UK	France	Germany	Italy	Spain	Sweden	Denmark	Canada	Australia	New Zealand	Japan
Market Characteristics	Generic name	Treasury Inflation Indexed Securities, TIIS, TIPS	United Kingdom Index-Linked Gilts	OATI, OAT€i, BTAN€i	OBL€i DBR€i	BTP€i	SPGB€i	Swedish Govt Index-Linked	DGBi	Canadian Real Return Bonds	Australian Capital Indexed Bonds	New Zealand Inflation indexed Bonds	JGBi
	USD Market Value (\$bn)	1789	1142	299	105	206	83	23	8	63	35	18	103
	No Bonds outstanding	45	31	16	5	11	5	6	2	8	7	4	10
ESG Score	Overall ESG Score	6,1	5,9	6,1	7,5	5,1	5,1	8,3	8,0	7,9	7,1	8,1	6,0
	Environment ( E )	6,6	4,9	4,4	4,2	3,8	4,0	7,1	5,4	7,4	6,0	7,7	3,6
	Social ( S )	5,9	7,5	8,0	8,8	7,1	7,0	8,4	8,6	7,9	7,9	8,2	8,1
	Governance ( G )	8,1	6,8	7,1	8,7	6,2	6,2	8,6	8,9	8,1	7,6	8,1	7,2
Temperature	3,8	1,7	1,9	2,4	2,1	2,1	1,1	2,3	3,5	4,1	2,5	2,7	

## Emerging Markets

Country		Brazil	Mexico	Chile	Colombia	Israel	South Africa	Turkey	Poland	South Korea	Thailand	Russia
Market Characteristics	Generic name	NTN-Bs, NTN-Cs	Udibonos	BCU	TES	Galil, ILCPi	South Africa Index-Linked	TURKGB	POLGB	KTBi	THAIGB	RFLBi
	USD Market Value (\$bn)	254	103	31	29	74	48	41	1	6	3	11
	No Bonds outstanding	13	8	17	8	11	9	16	1	5	1	3
ESG Score	Overall ESG Score	4,9	3,9	5,4	4,5	5,6	4,4	2,9	5,7	6,0	4,1	4,4
	Environment ( E )	7,3	5,1	6,2	7,3	3,8	5,3	4,3	5,4	2,6	3,9	6,5
	Social ( S )	5,2	5,7	6,2	5,1	8,1	4,4	5,7	7,5	8,7	6,1	7,1
	Governance ( G )	4,8	4,6	6,0	4,7	6,5	5,9	3,6	6,3	7,5	5,4	4,0
Temperature	2,4	2,2	1,5	1,7	2,7	2,5	2,9	2,5	3,0	2,3	4,0	

\*ESG internal scores and quartiles are relative to their peer group (Mature / Progressing countries). Israel and Korea are classified as mature countries.

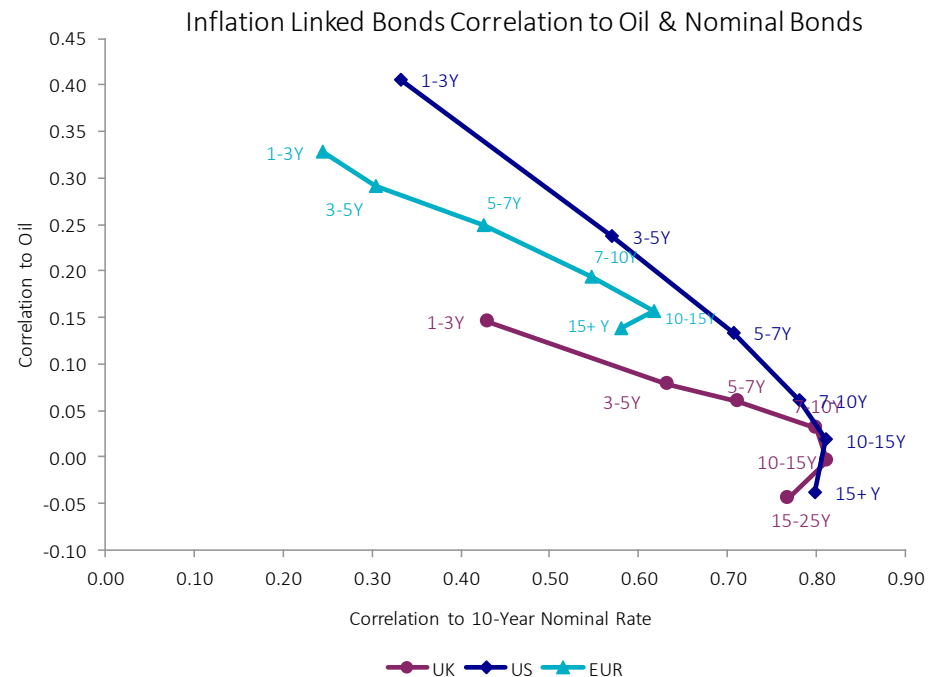
Source: AXA IM, as of January 2022. For illustrative purposes only.

# Inflation linked bonds investment principles

## Short and long maturities inflation linked bonds tradeoff

As you **extend the maturity** of your inflation linked bond holdings, the risk morphs from being **very sensitive to oil** and inflation into a more **“bond-like”** instrument.

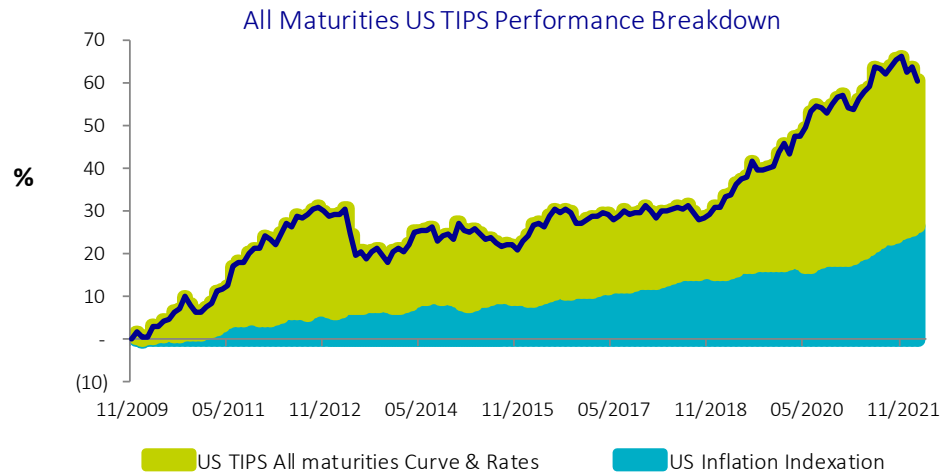
- Short-end inflation linked bonds are the most sensitive to oil.
- Across markets, US TIPS are also the most sensitive to oil prices and by extension inflation.
- Ultra-long UK linkers are less correlated to rates than you may think.
- ✓ Local pension funds are very active in the 30-year and longer maturities.



Source: AXA IM, Datastream – for illustrative purpose only and subject to change

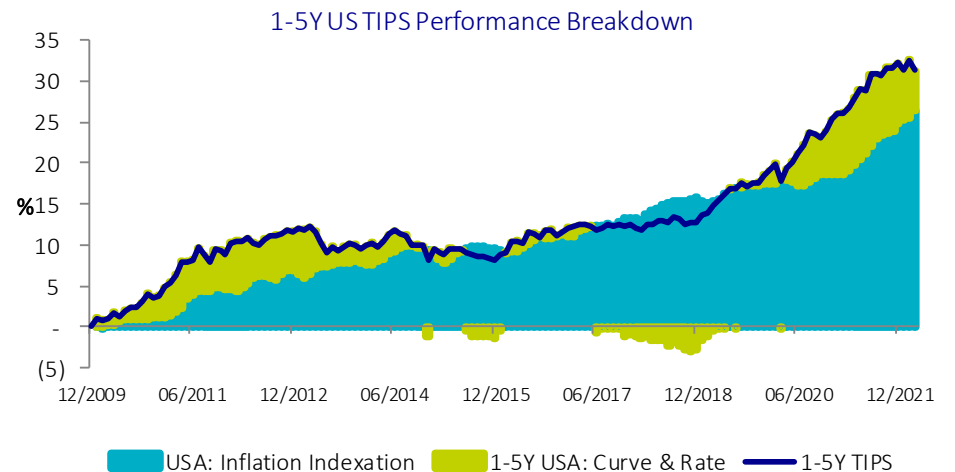
# Inflation linked bonds investment principles

## Short and long maturities inflation linked bonds tradeoff



### All Maturities

- ✓ Inflation linked bonds are not floating rate notes and while they are fully indexed to inflation, **they are also sensitive to interest rates fluctuations.**
- ✓ All maturities inflation linked bonds tend to perform better in environments of stable to lower interest rates.
- ✓ Historically, all maturities inflation linked bonds have performed best in “late stages” of an economic cycle or during episodes of quantitative easing.



### Short Duration

- ✓ Short maturities inflation linked bonds have grown in popularity as all inflation linked bonds from a given issuer are indexed to the same inflation rate, independently of their maturity.
- ✓ Therefore, investors that are willing to **capture inflation indexation** without getting excessive duration exposure, prefer short duration inflation linked bonds.
- ✓ Short duration inflation linked bonds tend to perform better when inflation indexation is elevated.

Source: AXA IM, Datastream – for illustrative purpose only and subject to change

# Inflation linked bonds investment principles

## Timing inflation breakevens exposure

### Making sense of inflation breakevens

- ✓ In our experience, inflation breakevens tend to track the dynamic of inflation instead of forecasting it.
- ✓ This suggests to us that the best times to be long inflation breakevens in a portfolio is when annual inflation is rising.
- ✓ There are also costs associated with inflation breakevens positions such as the cost of carry for duration or currency hedging that may weigh on performance if inflation is not high enough to offset them.

CPI 5-year swap vs Realized Inflation



Source: Refinitiv Datastream 13/05/2022

Source: AXA IM, Datastream – for illustrative purpose only and subject to change

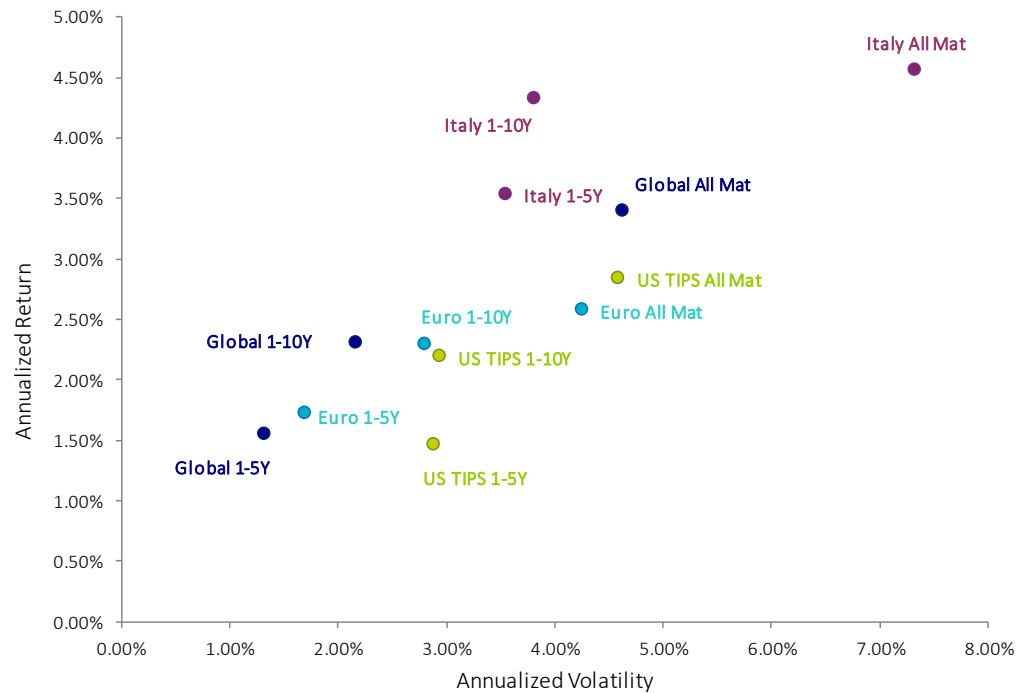
# Inflation Linked Bonds

## Risk & Return picture

It appears to us that there is a diversification benefit with a global approach in inflation linked bonds.

Short duration inflation linked bonds have roughly delivered more than half of all maturities performance for a third of the volatility.

### Inflation Linked Bonds: 10-Year Risk / Return Picture



Source: AXA IM, Barclays as at 31/05/2022 – for illustrative purposes only. Developments of the past offer no guarantee and are no indicator for any future returns or trends.

# Team, Philosophy & Process

# Why AXA IM for Fixed Income?

\$578 billion in Fixed Income, over \$37 billion in inflation assets<sup>1</sup>, circa 120 investment professionals

## Team

investment experts located in each major market around the world, ensuring our clients benefit from local insights

## Philosophy

focused on income generation and downside mitigation while aiming at optimising the risk/return profile over the market cycle

## Process

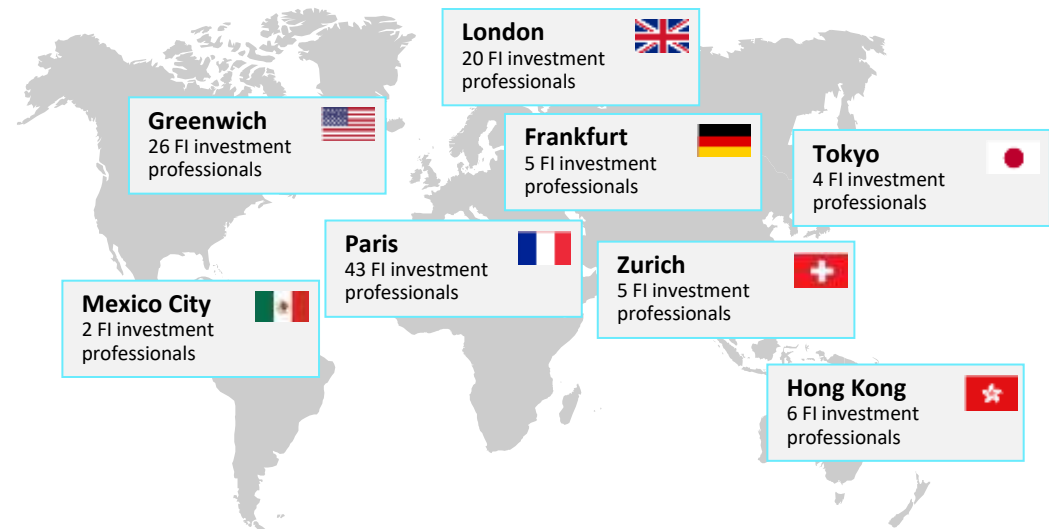
a global, top-down approach complemented by bottom-up research specific to the drivers of each sub-asset class

## Solutions

proven ability to provide bespoke solutions to meet our clients' evolving needs

## Scale

critical size, particularly in inflation linked assets, affords us excellent access to the markets

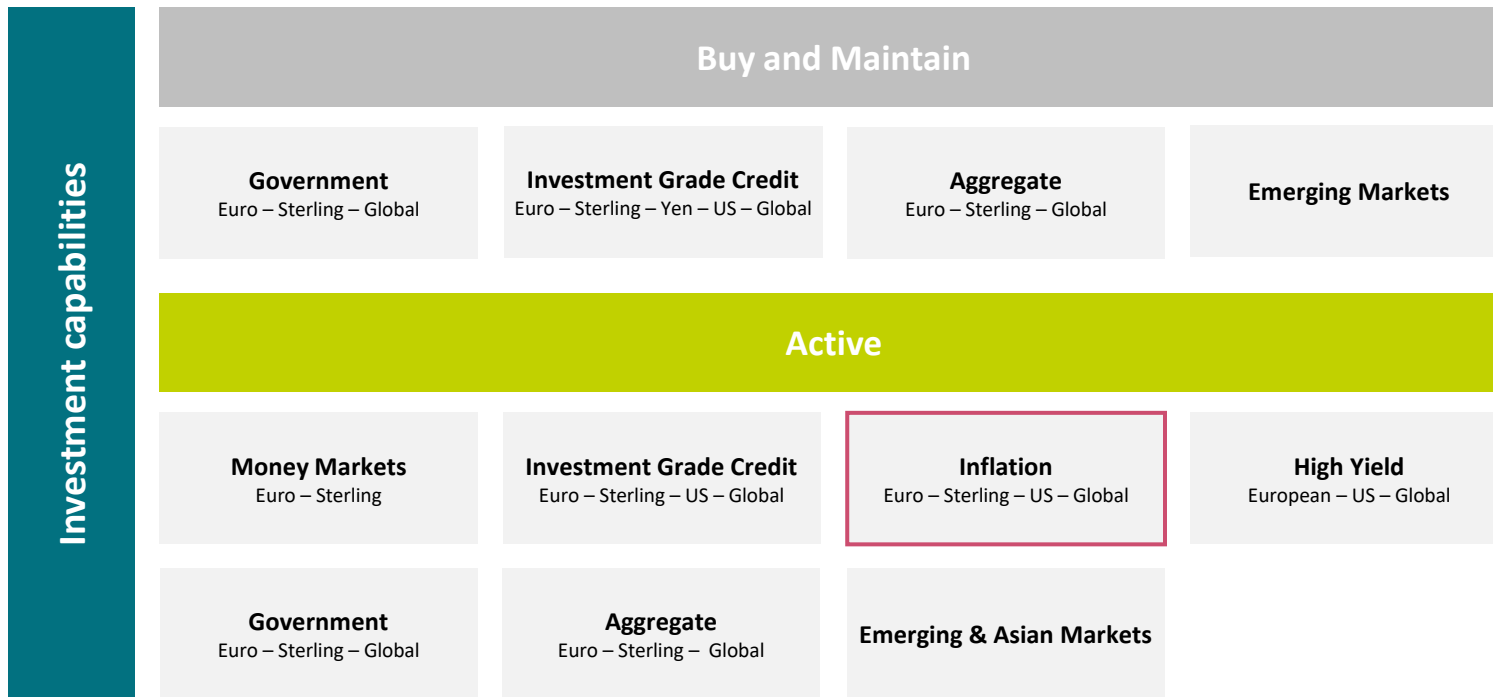


## Robust global framework bringing together local experts

Source: AUM and Staff data as at 31/12/2021. (1) Inflation assets figure as at 31/12/2021 does not include AXA IM joint ventures underlying assets. Information about the staff team Fixed Income AXA Investment Managers and / or AXA Investment Managers is only informative. We do not guarantee the fact that staff remain employed by AXA Investment Managers and exercise or continue to exercise in the Fixed Income team of AXA Investment Managers and / or AXA Investment Managers



# Fixed Income at AXA IM

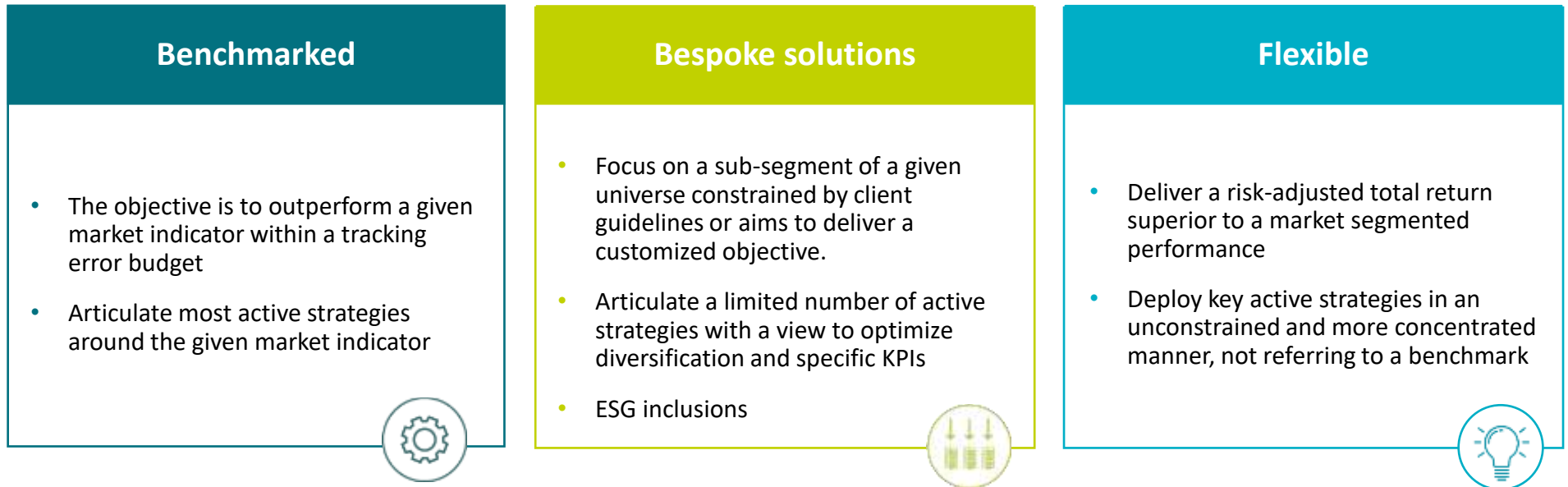




# Active Fixed Income

We understand the challenges facing Fixed Income investors

Being Active means building positions which are intrinsically different from a market replication, aiming to transform views into active strategies and superior performance whilst containing risk at every point in time.



Our Active Fixed Income solutions aim to deliver superior risk-adjusted returns over the investment cycle

Source : AXA IM. For Illustrative purposes only. Performance targets and final results are not guaranteed.

# The Inflation specialists

## Experience and Scale

### Core investment team



**Marion Le Morhedec**  
Global Head of Fixed Income  
24 years experience in asset management



**Jonathan Baltora**  
Head of Sovereign, Inflation & FX, Paris  
15 years of experience in asset management



**Elida Rhenals, CFA**  
Portfolio Manager, Paris  
10 years of experience in asset management



**Ana Otalvaro, CFA**  
Portfolio Manager, Paris  
9 years of experience in asset management



**Edgar Mehrabyan**  
Fixed Income investment specialist  
8 years of experience in asset management

### Additional resources

**Macroeconomic Research**  
(11<sup>(1)</sup> dedicated economists/strategists)

**Portfolio Engineering & Solutions**  
(12 specialised engineers )

**Responsible Investment Experts**  
(29 RI Professionals)

**Fixed Income Trading Desk**  
(18 dedicated traders)

Source: AXA IM as of 31/12/2021 (latest available). Information about the staff team at AXA Investment Managers (AXA IM) is only informative. (1) Including 11 from the Research & Investment Strategy team, and one dedicated US FI strategist. Information regarding the background and experience of the personnel of AXA IM are provided for information purposes only. Such persons may not necessarily continue to be employed by AXA IM and may not perform or continue services for AXA IM.

# The Inflation Strategy

Highly experienced portfolio managers dedicated to inflation-linked funds

## Extensive Experience & Assets

- Our significant size - **\$37bn in global inflation-linked assets** - ensures higher status with counterparties and access to policy makers and official market participants.
- **Over 30 years experience** as a firm managing inflation-linked assets. One of the first European asset managers to offer a dedicated inflation-linked bond fund in 1983.


**\$37bn**  
in global inflation-linked assets



## Proven Track Record

- **Consistent investment performance over various market cycles.** Our AXA WF Global Inflation Bonds fund<sup>1</sup> has generated a cumulative gross return in Euro of 6,58% (*net : 4,18%*) over the last 5 years.
- We manage both LDI<sup>2</sup> and benchmarked solutions


**6,58%** (*net : 4,18%*)  
over the past 5 years



## Deepening ESG Integration

- Integration of ESG criteria into our portfolio construction using **both quantitative and qualitative assessments.**
- **All open funds** (World Funds) are **Article. 8** according to SFDR regulation.
- Offering **customized solutions** to our clients in order **to achieve their extra financial targets**

**\$10,5bn**  
in ESG integrated portfolios



No assurances can be made that profits will be achieved or that substantial losses will not be incurred.

Source: AXA IM as at 31/05/2022. Information about the staff team at AXA Investment Managers (AXA IM) is only informative. (1) AXA World Funds Global Inflation Bonds I EUR Share as of 31/05/2022. Past performance is not a guide to future performance. For illustrative purpose only. Performance shown is gross of applicable management fees. The deduction of fees reduces the level of returns. Please see the Appendix for further information about the effect of management fees.(2) LDI: Liability Driven Investment. (3) Please refer to Slide 44 for risk disclosure. In order to comply with the recommendation laid out by the regulator and therefore with the transitional provisions issued by ESMA RedEx shares do not accept any new investment from new investors since 30 July 2017 and do not accept any new investment from existing investors since 30 July 2018. Information regarding the background and experience of the personnel of AXA IM are provided for information purposes only. Such persons may not necessarily continue to be employed by AXA IM and may not perform or continue services for AXA IM.

## Investment Philosophy

Our active management style for inflation linked bonds

### INFLATION LINKED BONDS

Invest in inflation linked bonds and the nominal bonds issued by the same issuers as part of "Breakeven" Trades. We avoid investing in other asset classes such as nominal credit, equities or commodities (the latter are forbidden).



### FINE-TUNING INDEXATION

During periods of falling inflation we allocate to nominal bonds in order to **limit the impact of falling coupons**.



### MEDIUM TERM FOCUS

Our **quarterly forecasting session** is at the heart of our strategy. We define the strategy that will be implemented during the following quarter with the **flexibility to adapt to changing market conditions**.

Investing in **Inflation-Linked Bonds** is the **core of our strategy**

### DEDICATED AND LIQUID

No active currency trade, limited use of derivatives and a focus on **allocation across inflation linked bond markets**. We **privilege the active allocation in the most liquid bonds** or "on the run" securities. This grants a better liquidity profile than passive approaches that uses derivatives or older and less liquid securities

### FLEXIBLE USE OF THE RISK BUDGET

Adapt to changing market conditions and be able to **capture opportunities** and achieve our performance generation objective: we aim at generating performance on a monthly basis **avoiding "extreme" positioning** to ensure consistency over time.

Source: AXA IM. No assurance can be given that the strategy will be successful or that investors will not lose some or all of their capital

# Global investment process

Strong top-down focus



## Portfolio construction aims at driving performance

\*Alpha Groups: small sub teams of AXA IM's Fixed Income team split by expertise: country allocation/term structure/inflation/investment grade/high yield/emerging markets.  
MVST: Macro, Valuation, Sentiment, Technicals

# ESG integration

## Fixed Income

We believe that **integrating Environment, Social and Governance (ESG) analysis** leads to more effective investment solutions that address global challenges and **create sustainable value for our clients**

### ESG Analysis



**Proprietary ESG scoring methodology**



ESG analysis **embedded into our fundamental research**



**Qualitative analysis** framework for Sustainable bonds

### Investment process



ESG KPIs integrated **into our Portfolio Decision Making tools**










Strong governance & ESG **risk monitoring**




Transparency through ESG dashboards & **ESG Report**

# Our Inflation-Linked bonds offering

Investors can take advantage of our diversified offering and comprehensive expertise of this asset class

EXPOSURE TO REAL YIELDS, BREAKEVEN & REALISED INFLATION					
PERFORMANCE INDICATOR					TOTAL RETURN
OECD Countries			Single market exposure		
<b>AXA WF Global Inflation Bonds</b> AUM :€ 2223,2M Launched: 2005 	<b>AXA WF Global Inflation Short Duration Bonds</b> AUM :\$ 3671,6M Launched: 2016 	<b>AXA WF Global Inflation Bonds Redex</b> AUM :€ 576,7M Launched: 2018 	<b>AXA WF Euro Inflation Bonds</b> AUM :€ 382,4M Launched: 2005 	<b>AXA Sterling Index Linked Bond Fund</b> AUM :£ 147,6M Launched: 2004	<b>AXA WF Euro Inflation Plus</b> AUM :€ 22,2M Launched: 2021 
All Maturities	Short Duration	REDEX	All Euro Maturities	All UK Maturities	Flexible
<b>Mandate</b> AUM :€ 235,1M Global Sovereigns (ILB & Nominal)	<b>Mandate</b> AUM :\$ 725,9M Short Duration		<b>Mandate</b> AUM: €4,7 Bn All maturities LDI	<b>Mandate</b> AUM :\$ 1704,8M 1-10 years	
<b>Mandate</b> AUM :€ 99,7M GDP Weighted	<b>Mandate</b> AUM :€ 2773,7M  1-10 years		<b>Mandate</b> AUM :€ 462,4M Label ISR 	<b>Mandate</b> AUM: €120M Euro Short Duration	
	<b>Mandate</b> AUM :\$ 1238,1M 1-30 years			<b>Mandate</b> AUM :\$ 793,9M Short Duration	

 SFDR Article 8

 Deeper ESG optimization or label

Source: AXA IM. The most recent prospectus and Key Investor Information Document of those funds are available to all investors and must be read prior subscription, and the decision whether to invest or not must be based on the information contained in the prospectus and Key Investor Information Document . AUM Data are as at 31/05/2022 – The list of portfolios is not exhaustive. This slide can not be read separately from the general presentation with the characteristics of the above funds, including its investment objectives, its fees and risks associated. Inflation-Linked bonds offering information is provided for illustrative purposes only in order to present AXA IM expertise and capabilities in inflation mandates and should not be considered as an offer, solicitation or investment, legal or tax advice. Certain products described herein may not be available in your jurisdiction. Please check the countries of registration with the asset manager or investment adviser

# Market overview



# Inflation-Linked bonds market performance in 2022

Negative performance during the first quarter of the year as real yields suffered amidst the nominal rates sell off



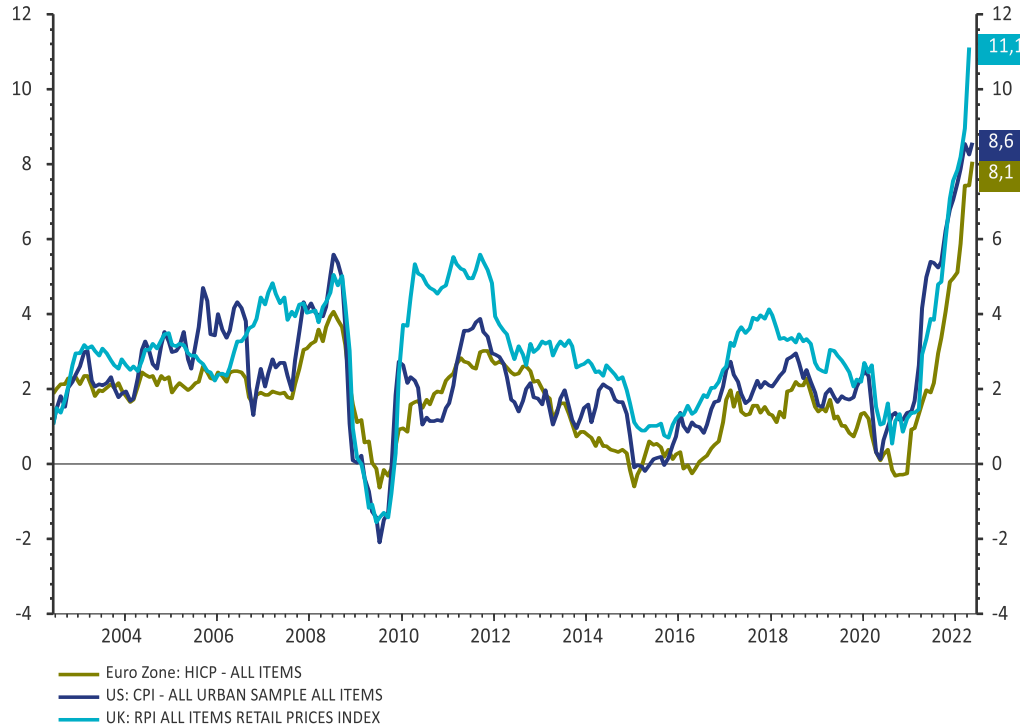
We expect inflation to remain rock solid during the coming months putting additional pressures on Central Banks to tighten monetary policy.

Source: AXA IM, Bloomberg au 31/05/2022.

# Inflation is at historical elevated levels globally

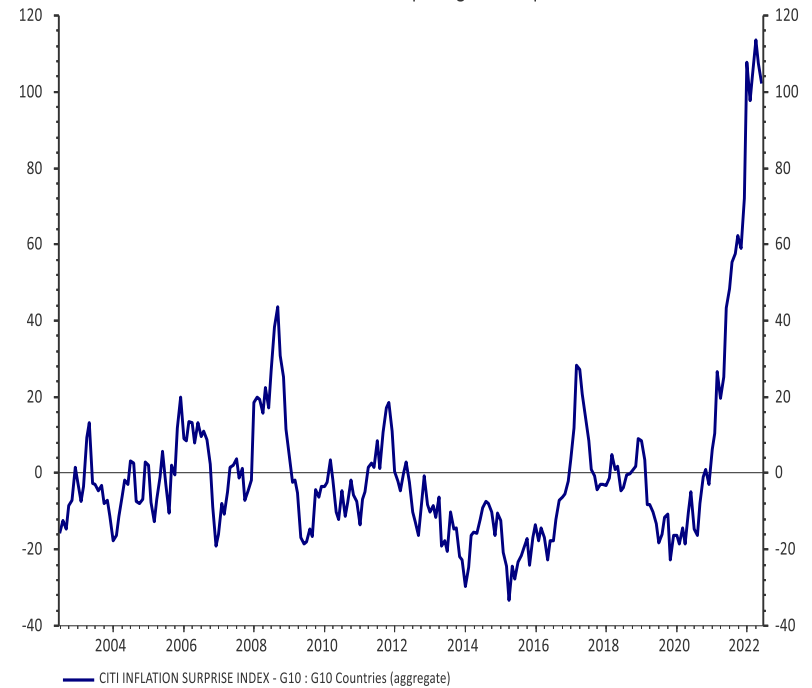
## Inflation keeps surprising to the upside

Global Inflation rates  
Twelve-month percentage change



Source: Refinitiv Datastream 20/06/2022

Inflation continues surprising to the upside



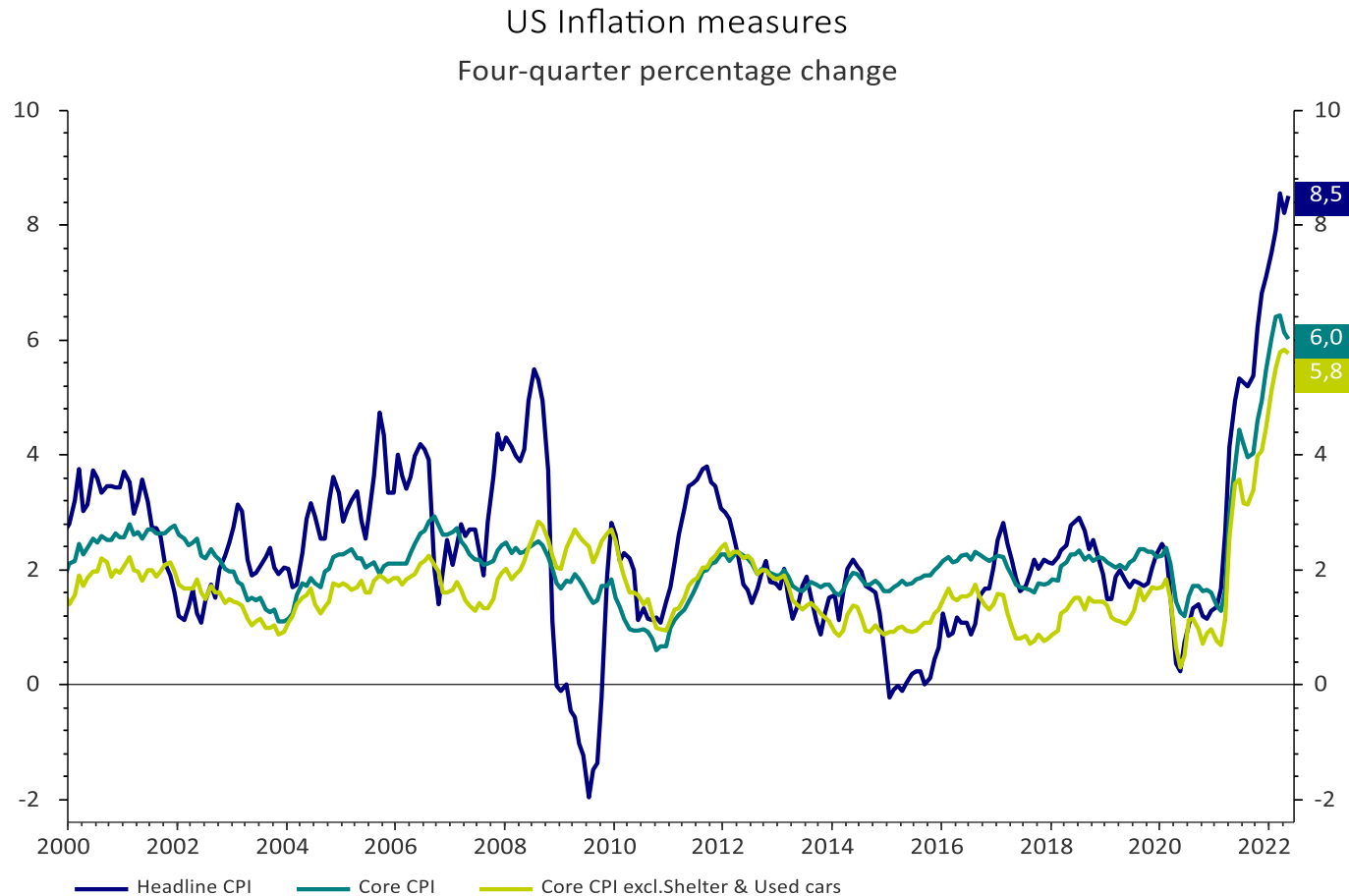
Source: Refinitiv Datastream 20/06/2022

## The war in Ukraine and its consequences on energy and food prices adds to an already boiling inflation

Source: AXA IM, Datastream. For illustrative purposes only

# The first “green shoots of disinflation” are not yet having any impact on observed CPI

## Core inflation still accelerating when controlled for used cars and shelter in the USA

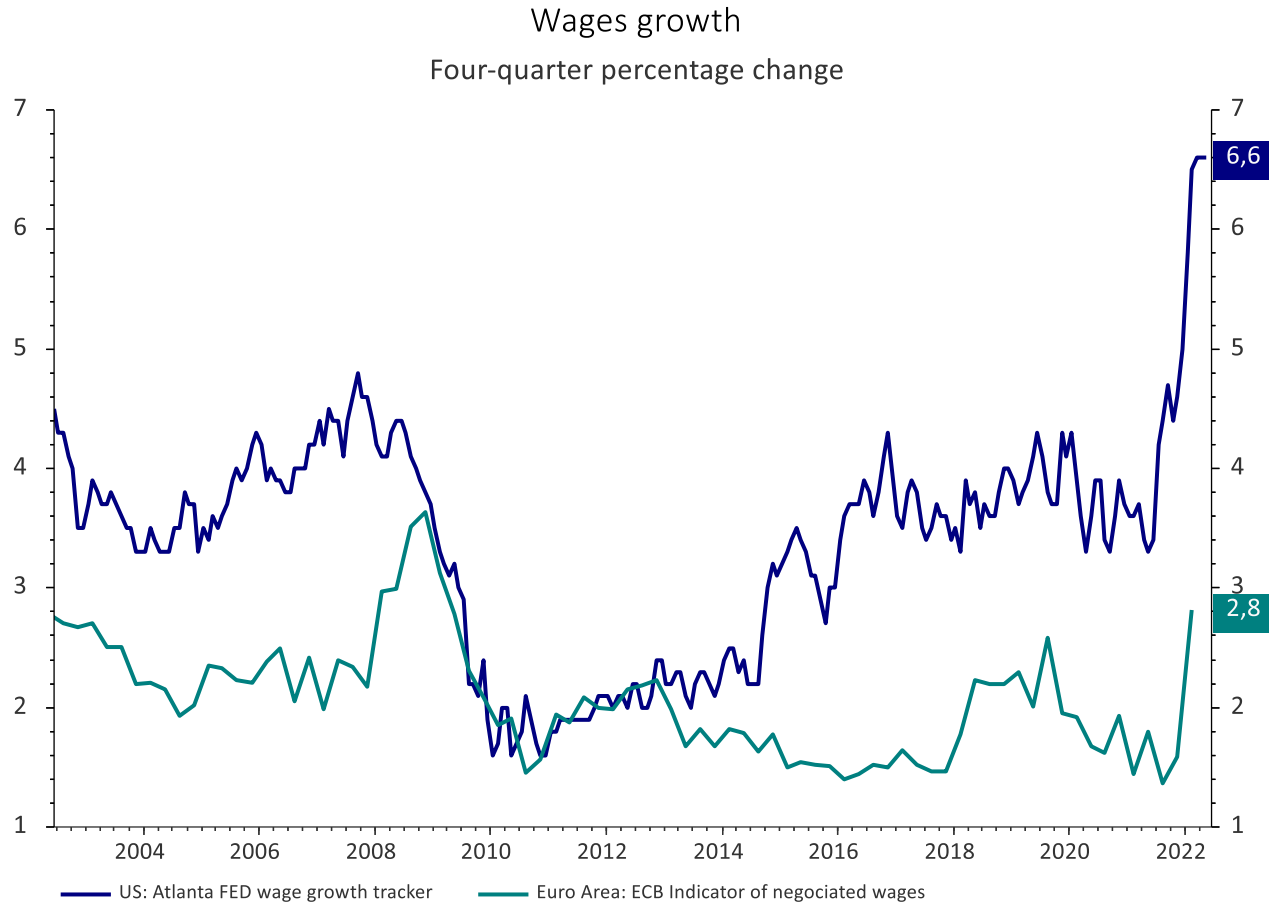


Source: Refinitiv Datastream 20/06/2022

Source: AXA IM, Datastream. For illustrative purposes only

# Broader inflation pressures could be strengthened by a tight labor market

Wages have significantly increased in the US. In the Euro Area, this move is starting




Source: Refinitiv Datastream 20/06/2022

Source: AXA IM, Datastream. For illustrative purposes only

# Near term pressures overshadow longer term risks

Long term risks are likely underestimated by the market

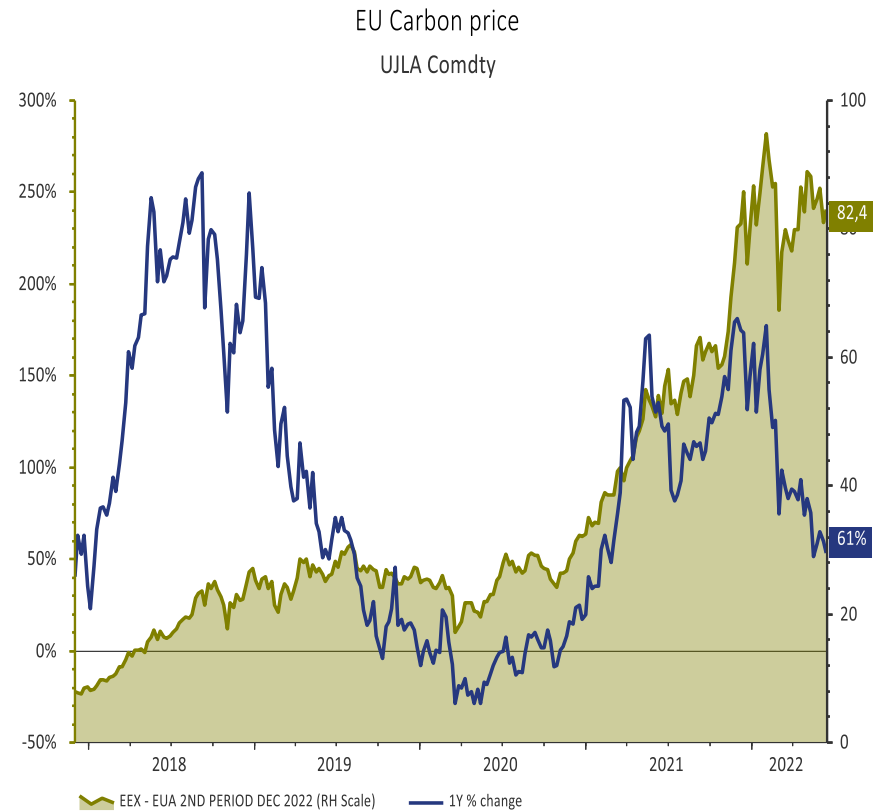


**Near term pressures**

- Higher wages
- Reduced mobility and lower economic activity
- Oil & gas prices
- Shortages and supply chain issues

**Medium to long term pressures**

- Fiscal spending
- Deglobalization and trade wars
- **Green revolution**

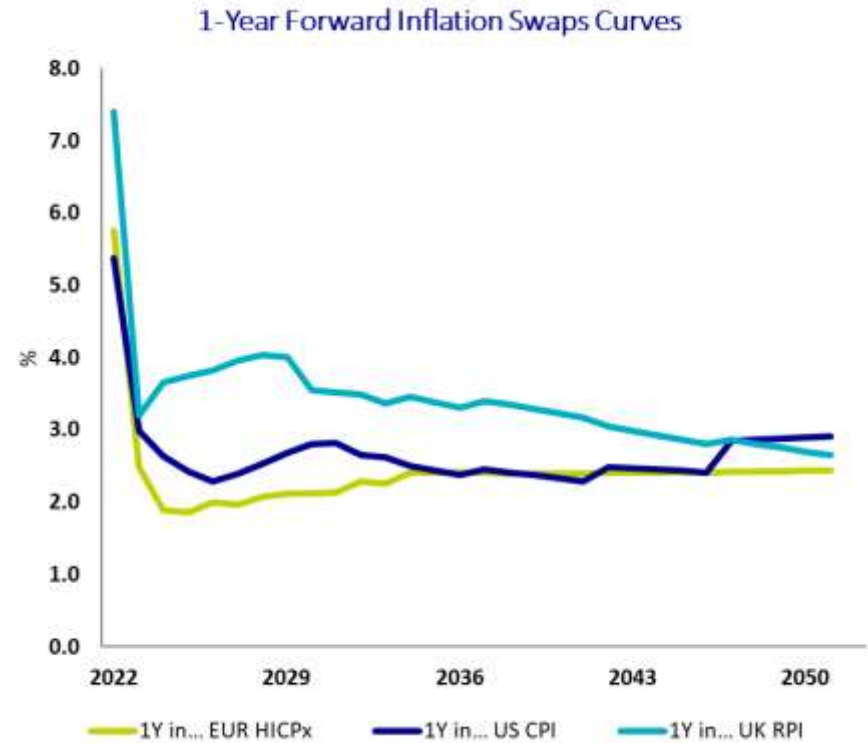
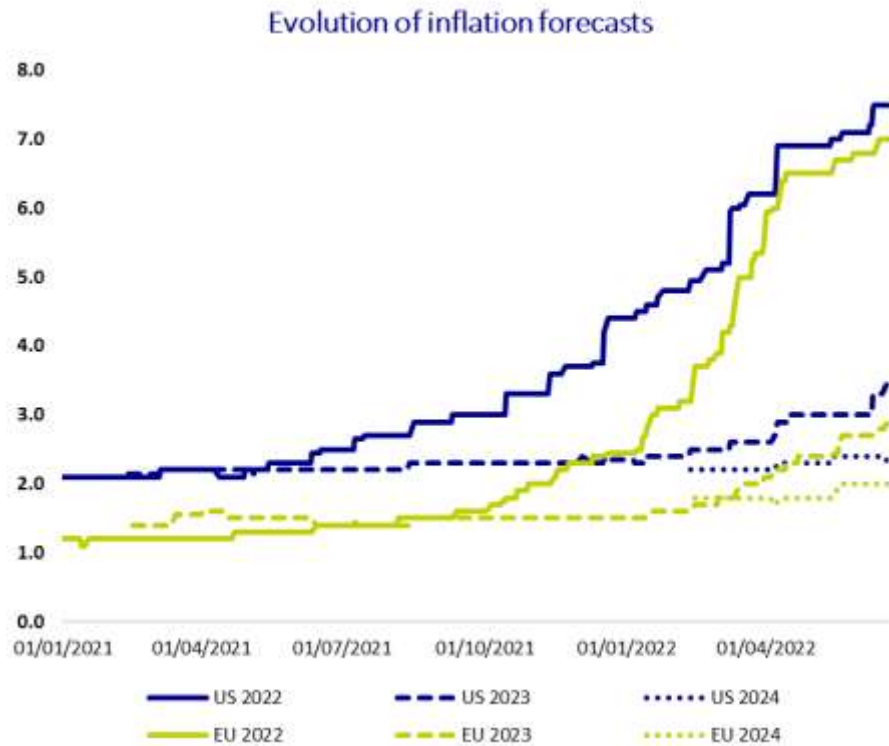


Source: Refinitiv Datastream 20/06/2022

Source: AXA IM, as of June 2022. For illustrative purposes only

# Both economists and investors view the inflation phenomenon as transitory

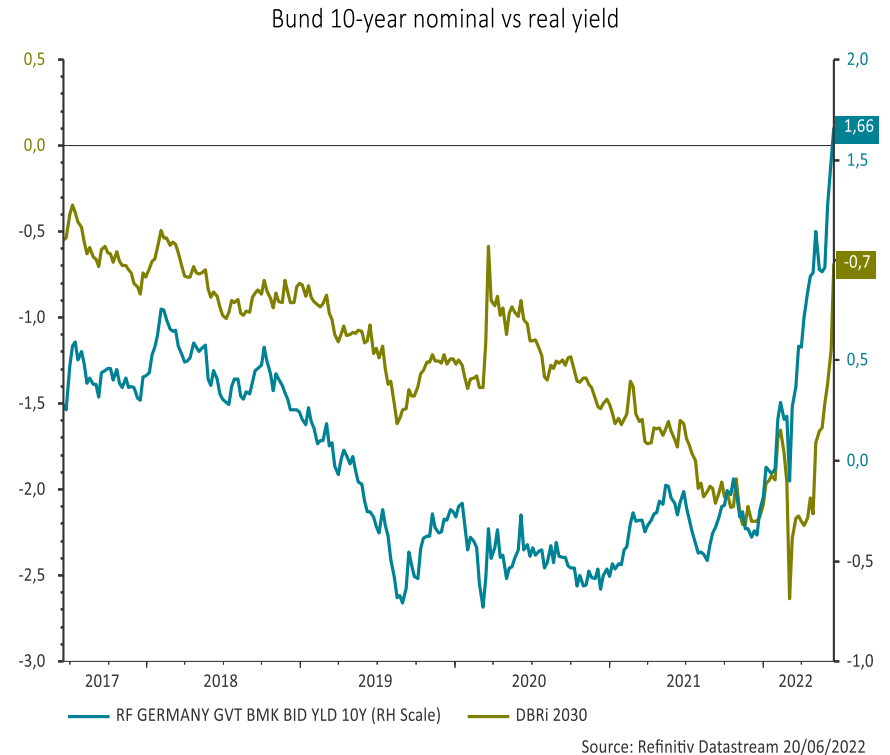
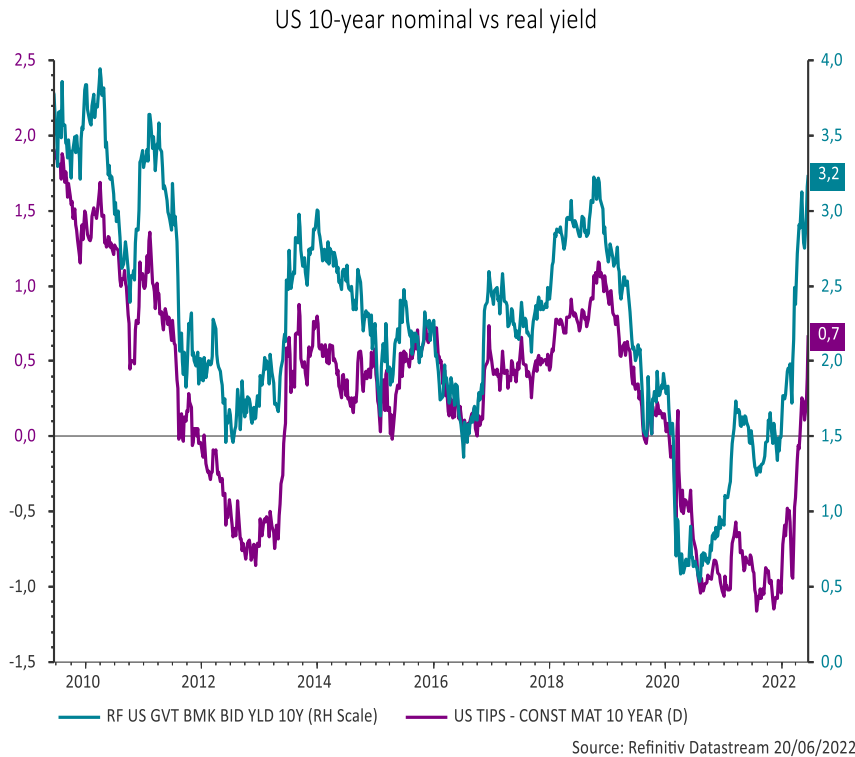
Inflation forecasts and market pricing signal that inflation will be around CB's target in 12 to 18 months



Source: AXA IM, Bloomberg as at 20/06/2022. For illustrative purposes only

# Elevated inflation has pushed yields higher

As monetary policy has turned more restrictive, real yields have caught up with nominal yields



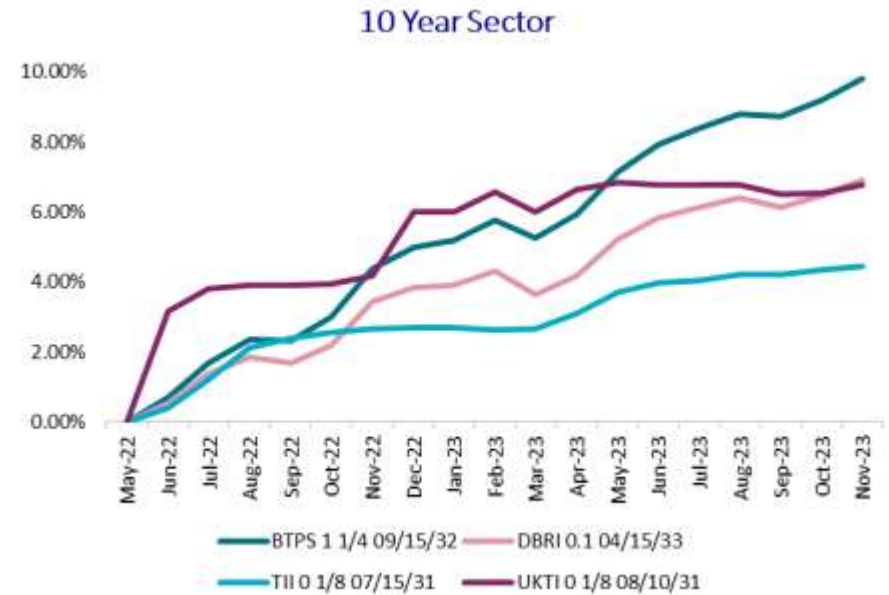
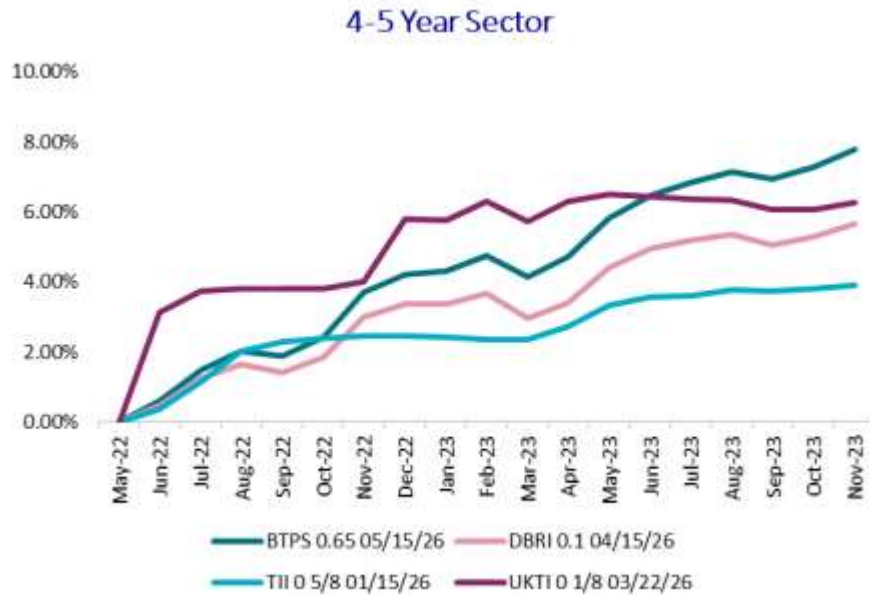
Real yields above 0 mean that buyers lock-in more than realized inflation over the life of the bond

Source: AXA IM, Datastream. For illustrative purposes only

# Income estimate for inflation-linked bonds strategies

High inflation means high income by historical standards for inflation linked bonds

## EUR-Hedged Income estimates



We expect inflation linked bonds income to be significantly positive over the coming months.

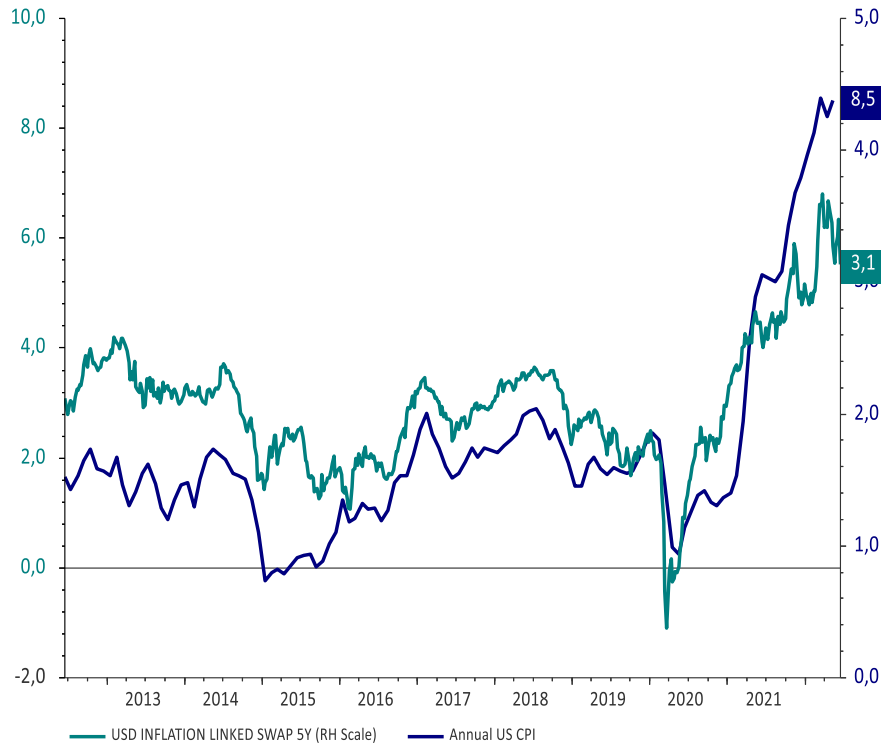
Source: AXA IM as at 17/06/2022. For illustrative purposes only. Inflation forecasts are from the top forecaster of each market (from the quarterly survey realised by the inflation team) and over a 12-month period.



# Solid historical correlation between realized inflation and breakevens

## Inflation momentum has been a key driver of inflation breakeven moves

CPI 5-year swap vs Realized Inflation



Source: Refinitiv Datastream 20/06/2022

HICP 5-year swap vs Realized Inflation

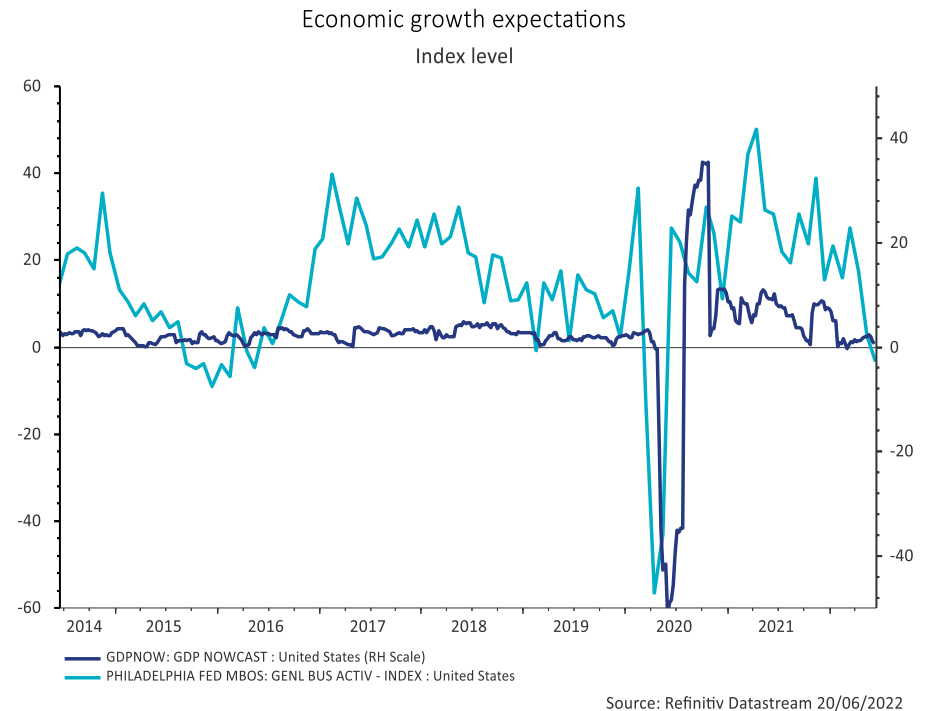
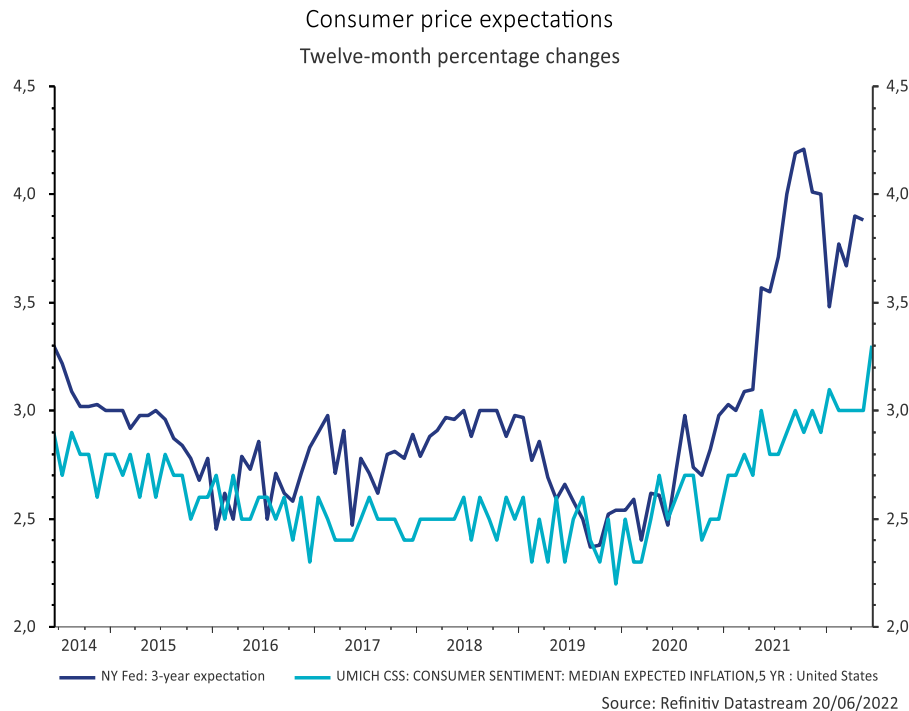


Source: Refinitiv Datastream 20/06/2022

Source: AXA IM, Datastream. For illustrative purposes only

# Stagflation: Central Banks dilemma

Surveys signal that consumers expect inflation to inch higher but economic activity to lose weaken

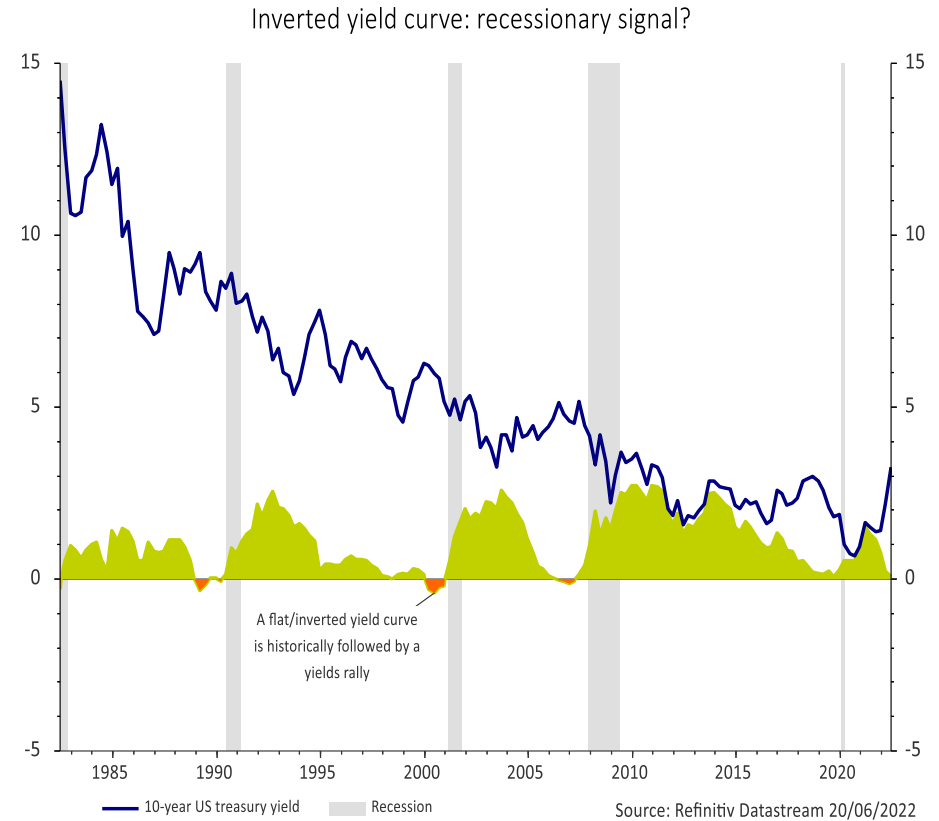
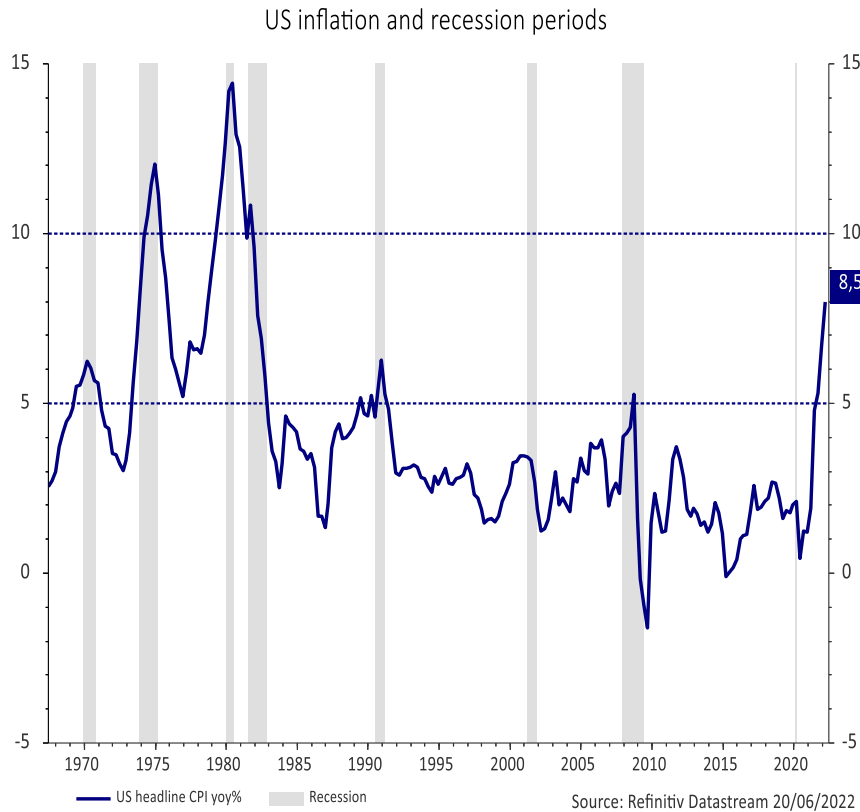


Inflation surveys point to a risk of unanchoring of inflation expectations amidst worrying prospects for economic growth creating a growing dilemma for Central Bankers that may soon have to prioritize one over the other

Source: AXA IM, Datastream. For illustrative purposes only

# Stagflation: risks are increasing

US Treasuries curve flattening and inflation above 5% have historically been early signs of recession








Source: AXA IM, Datastream. For illustrative purposes only

# Our offering:

- AXA WF Global Inflation Bonds
- AXA WF Global Inflation Short Duration Bonds
- AXA WF Euro Inflation Bonds
- AXA WF Global Inflation Bonds Redex
- AXA WF Euro Inflation Plus

# What and When?

## Understanding our Global inflation strategies

	Global Inflation Bonds	Global Inflation Bonds REDEX <sup>1</sup>	Global Inflation Short Duration Bonds	Euro Inflation Plus
 MATURITY	All Maturities	All Maturities	Short Maturities	Flexible with an objective to outperform € Area inflation
 DURATION EXPOSURE	<b>HIGH</b> (~ 13 years)	<b>Reduced</b> By selling 10 year futures (2years) <b>Inflation Breakeven</b> (10 Years)	<b>LOW</b> (~ 3 years)	<b>LOW</b> [0 to 5 years] <b>Inflation Breakeven</b> [ -10 to +10 Years]
 PERFORMANCE ENGINE	1. Rates & Duration 2. Inflation indexation (residual)	Inflation breakeven (expectations)	1. Realized Inflation 2. Duration	Allocation between inflation linked bonds, fixed-rate bonds, and breakevens
 WHEN?	<ul style="list-style-type: none"> <li>Real Interest rates ↓ or =</li> <li>Positive Inflation</li> </ul>	<ul style="list-style-type: none"> <li>Interest rates ↑</li> <li>Rising inflation breakevens</li> </ul>	<ul style="list-style-type: none"> <li>Positive realized Inflation</li> <li>Residual interest rate impact</li> </ul>	<ul style="list-style-type: none"> <li>Flexible allocation adapted to different market environments</li> </ul>
 SPECIFIC RISKS	<ul style="list-style-type: none"> <li>Interest rates risk</li> <li>Falling / Low inflation</li> </ul>	<ul style="list-style-type: none"> <li>Interest rates risk</li> <li>Potentially negative carry</li> <li>Falling / Low inflation</li> </ul>	<ul style="list-style-type: none"> <li>Interest rates risk</li> <li>Falling / Low inflation</li> </ul>	<ul style="list-style-type: none"> <li>Market timing</li> <li>Decorrelation between Inflation, Breakevens and Interest rates</li> <li>Credit / Sovereign risk</li> </ul>

**This document is intended exclusively for professional clients under MiFID.** These strategies can change over the time. For illustrative purpose only. No assurance can be given that the strategy will be successful or that investors will not lose some or all of their capital. Depending on the investment strategy used the information contained herein may be more detailed than the information disclosed in the prospectus. Any such information (i) does not constitute a representation or undertaking on the part of the investment manager; (ii) is subjective and (iii) may be modified at any time within the limits provided in the fund prospectus. (1) In order to comply with the recommendation laid out by the regulator and therefore with the transitional provisions issued by ESMA RedEx shares will not accept any new investment from new investors by 30 July 2017 and will not accept any new investment from existing investors by 30 July 2018. The AXA WF Global Inflation Bonds Redex has been launched on 30 July 2018.

# AXA World Funds Global Inflation Bonds

## Portfolio Overview

### ACTIVE ASSET ALLOCATION

- Dynamic exposure mainly to inflation-linked bonds issued by OECD governments and for a maximum 1/3 in nominal bonds<sup>1</sup>.
- Active asset allocation across inflation linked bonds issuers

### SOURCES OF POTENTIAL PERFORMANCE

- Key performance engines: real yield, breakeven and carry
- A top-down judgmental approach and a disciplined investment process
- Hedged currencies

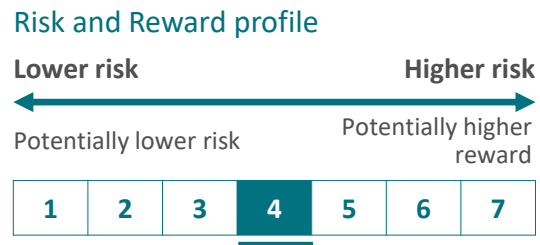
### STRENGTHS

- One of the longest track record in this category<sup>2</sup>
- A top-down judgmental approach and a disciplined investment process

### REASONS TO CONSIDER INVESTING

- Highly rated fund<sup>3</sup> and diversified mitigation against inflation
- A purist fixed income product which consists to invest mainly in inflation linked bonds

### RISKS<sup>4</sup>



- The risk category is calculated using historical performance data and may not be a reliable indicator of the Sub-Fund's future risk profile.
- The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free.
- The capital of the Sub-Fund is not guaranteed.
- The Sub-Fund is invested in financial markets and uses techniques and instruments which are subject to some levels of variation, which may result in gains or losses.

Source: AXA IM. (1) Nominal bonds: Conventional bond as opposed to inflation linked bonds that paid an inflation-adjusted value. These are internal guidelines which are subject to change without notice. Please refer to the prospectus for the fund's full investment guidelines and risks. (2) Morningstar Category = Global Inflation-Linked Bond - EUR Hedged. (3) Rated 5 stars by Morningstar as at 31/08/2020 for the I EUR share class. Morningstar: references to league tables and awards are not an indicator of future rankings in league tables or awards. Information contained in this document may be updated from time to time and may vary from previous or future published versions of this document. (4) Extract from the KIID – I EUR Share class as at 19/02/2018. Please refer to the prospectus for all additional risks. In order to comply with the recommendation laid out by the regulator and therefore with the transitional provisions issued by ESMA RedEx shares will not accept any new investment from new investors by 30 July 2017 and will not accept any new investment from existing investors by 30 July 2018.

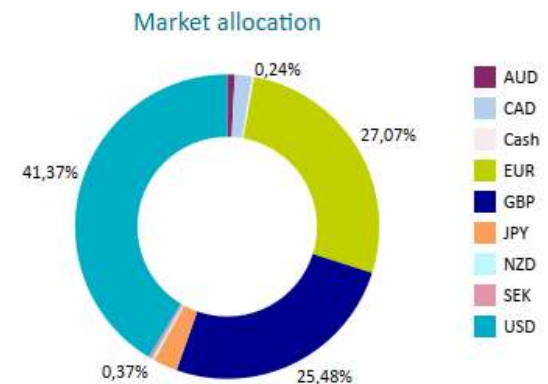
# AXA World Funds Global Inflation Bonds

## Monthly portfolio overview

	Fund	Index
AUM	2 219	-
Average Years to Maturity	11,12	11,30
Modified Duration	10,85	10,76
Standard Share Class Duration	10,82	10,73
Number of Positions <sup>1</sup>	123	153
Average Rating (worst)	AA	AA



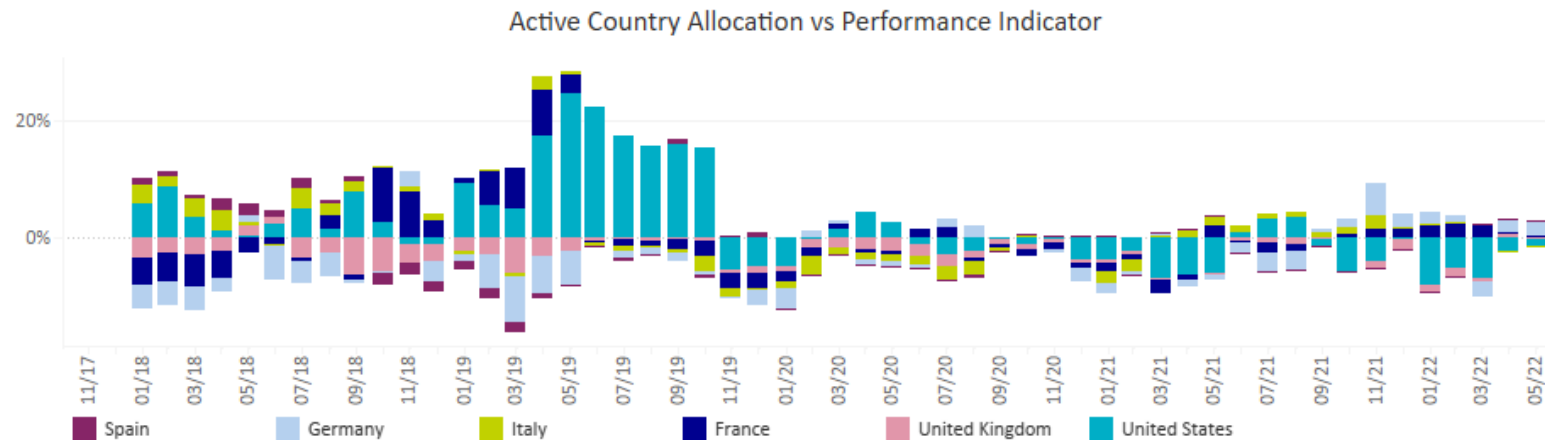
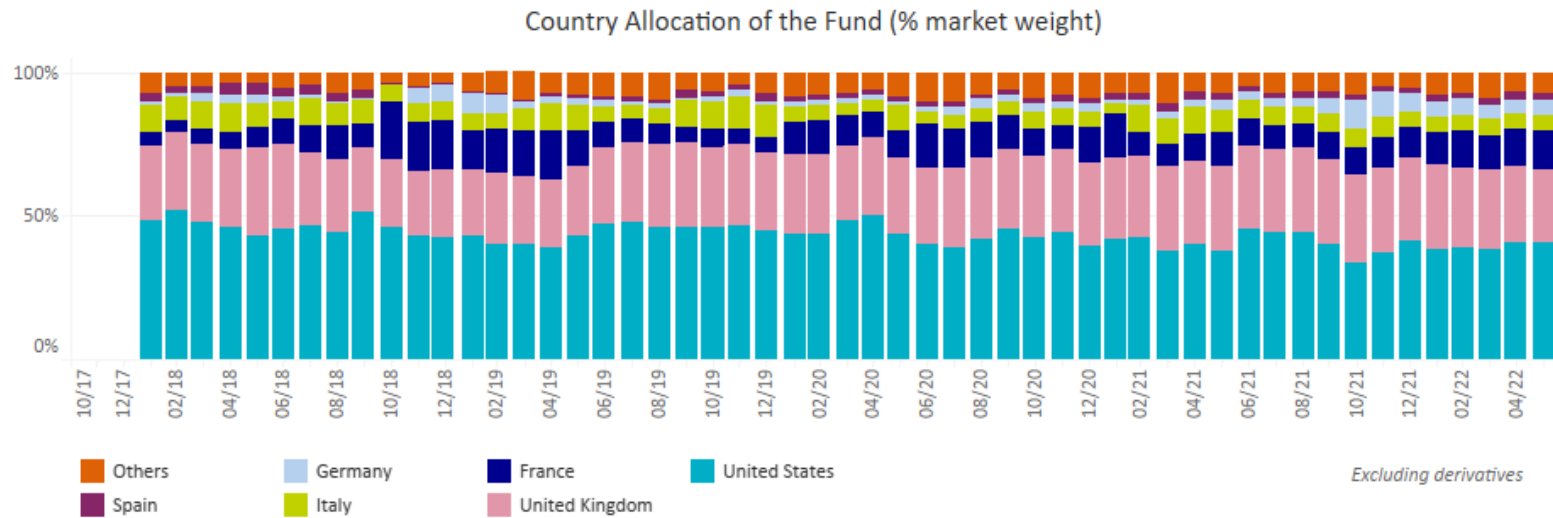
Rating	Fund	Index
AAA	6,0%	4,2%
AA+	42,7%	50,4%
AA	9,1%	9,0%
AA-	25,5%	25,5%
A	2,6%	2,8%
BBB+	2,5%	2,4%
BBB-	5,5%	5,8%
Not Rated	6,2%	



Source: AXA IM as at 31/05/2022. Data is unaudited and sourced from our front office portfolio management system, Simcorp. Please note that the yield calculations are based on the portfolio of assets and may NOT be representative of what clients invested in the fund may receive as a distribution yield. Gross yield figures quoted will vary in the future and are not guaranteed. The fund AXA World Funds Global Inflation Bonds is managed in reference to the Bloomberg Barclays World Inflation-Linked Hedged EUR. Depending on the investment strategy used the information contained herein may be more detailed than the information disclosed in the prospectus. Any such information (i) does not constitute a representation or undertaking on the part of the investment manager; (ii) is subjective and (iii) may be modified at any time within the limits provided in the fund prospectus (1) Excludes futures, cash, swaps and FX hedges

# AXA World Funds Global Inflation Bonds

## Evolution of the country allocation



Source: AXA IM as at 31/05/2022 Data is unaudited and sourced from our front office portfolio management system, Simcorp. The fund AXA World Funds Global Inflation Bonds does not have a reference index. The fund's performance indicator, 100% Barclays Capital World Government Inflation-Linked Bond Hedged EUR index, is given as a basis for comparison only. For illustrative purpose only. Others include Australia, Canada, Japan, Denmark, New Zealand, Sweden, cash and mutual funds



# AXA World Funds Global Inflation Bonds

## Historical evolution of active duration and active breakeven positions

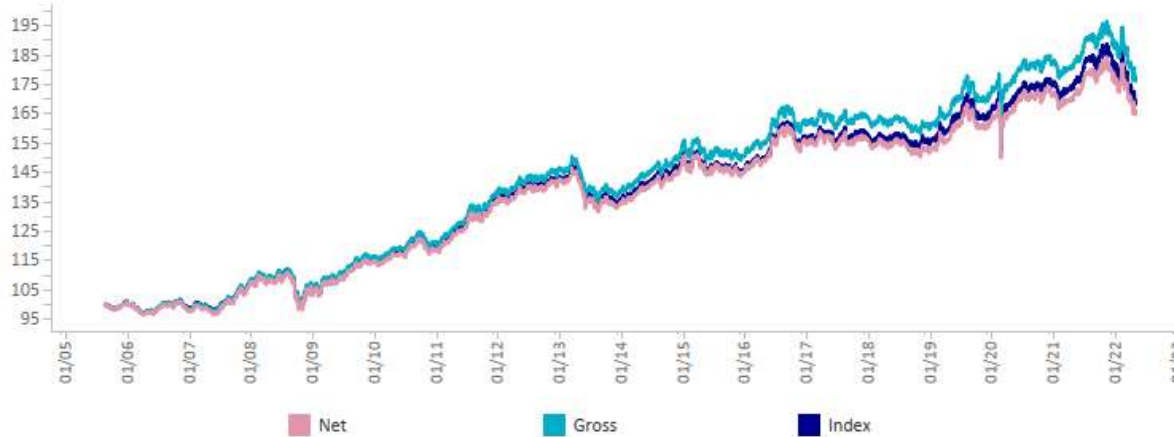


Source: AXA IM, UBS Delta as at 31/05/2022. The fund AXA World Funds Global Inflation Bonds does not have a reference index. The fund's performance indicator, 100% Barclays Capital World Government Inflation-Linked Bond Hedged EUR index, is given as a basis for comparison only. For illustrative purpose only. Others include Australia, Canada, Japan, Denmark, New Zealand, Sweden cash and mutual funds

# AXA World Funds Global Inflation Bonds I EUR

## Performance

Gross and Net cumulative performance (index=100, 13 Sep 2005)



Calendar Performance

	Net	Gross	Index
2021	4,02%	4,49%	4,98%
2020	8,21%	8,70%	8,07%
2019	4,88%	5,39%	4,92%
2018	-3,00%	-2,55%	-2,35%
2017	1,02%	1,47%	1,33%
2016	8,49%	8,96%	8,94%
2015	-0,77%	-0,37%	-1,32%
2014	8,63%	9,07%	8,66%
2013	-6,24%	-5,85%	-5,73%
2012	5,69%	6,09%	5,51%
2011	12,80%	13,14%	11,80%

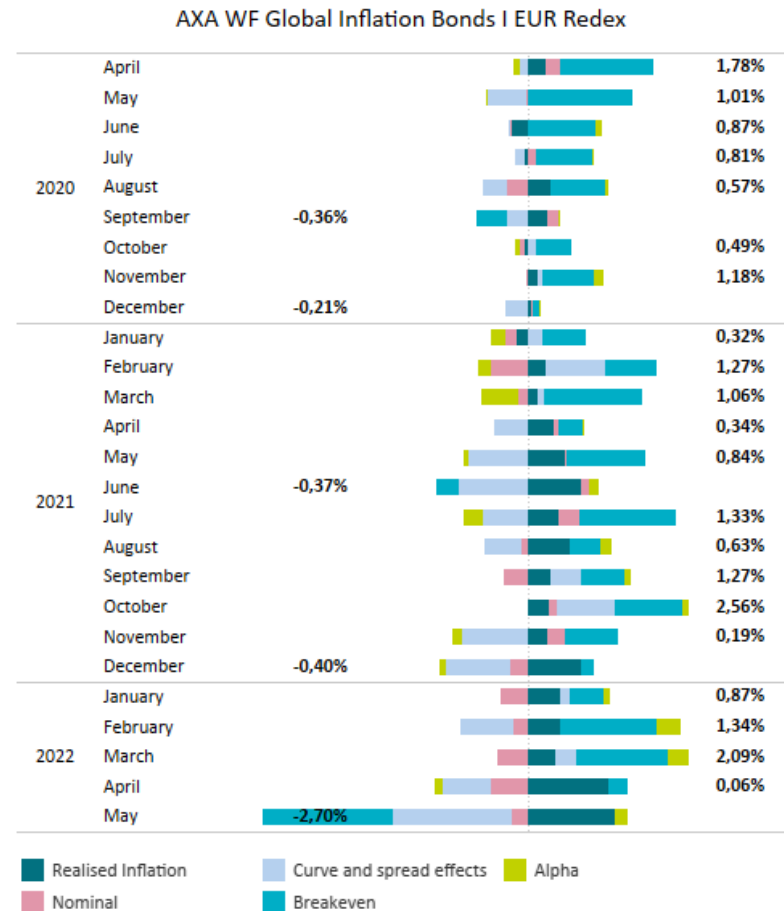
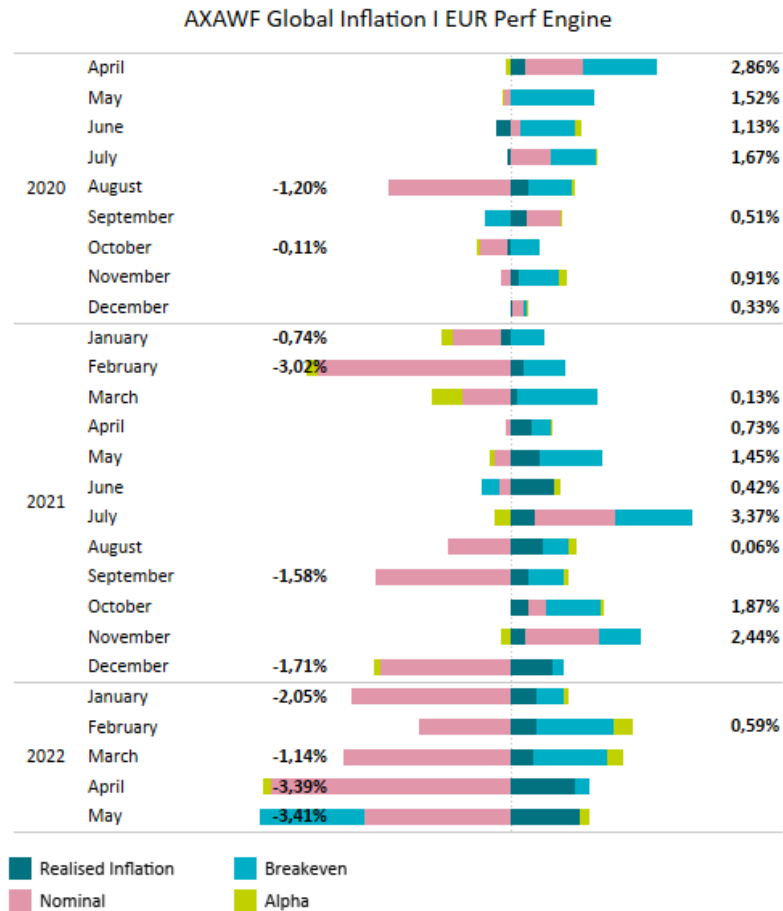
Cumulative Performance	YTD	1M	3M	1Y	3Y	5Y	Annualised Performance	1Y	3Y	5Y	10Y
Net Performance	-9,11%	-3,41%	-7,75%	-4,70%	2,66%	4,18%	Net Performance	-4,66%	0,88%	0,82%	1,64%
Gross Performance	-8,95%	-3,37%	-7,65%	-4,27%	4,06%	6,58%	Gross Performance	-4,24%	1,34%	1,28%	2,08%
Performance Indicator <sup>1</sup>	-9,78%	-3,59%	-8,05%	-5,09%	2,73%	5,29%	Excess Return (Gross)	0,81%	0,44%	0,25%	0,33%
Excess Return (Gross)	0,83%	0,22%	0,40%	0,82%	1,33%	1,29%	Performance Indicator	-5,05%	0,90%	1,03%	1,75%
Tracking error	2,20%	2,35%	2,32%	1,30%	0,55%	0,49%					
Fund's Volatility	10,43%	11,09%	11,26%	7,25%	6,40%	5,57%					
Information ratio	0,79	0,71	0,53	0,62	0,79	0,50					

**Past performance is not a reliable indicator as to future performance. Returns may increase or decrease as a result of currency fluctuations.**

Source: AXA IM as at 31/05/2022, Past performance is not a guide to future performance. No assurances can be made that profits will be achieved or that substantial losses will not be incurred. The portfolio first NAV date was on 13/11/2005. (1) The fund AXA World Funds Global Inflation Bonds is managed in reference to the Bloomberg Barclays World Inflation-Linked Hedged EUR. The chart includes gross and net performance. For net, the deduction of fees reduces the level of returns. Please see the Appendix for further information about the effect of management fees. The fund was launched on 13/11/2005. Performance analysis is relative estimated performance based on unaudited data sourced from UBS Delta. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

# Standard and Redex<sup>1</sup> shareclasses performance

## AXA World Funds Global Inflation Bonds



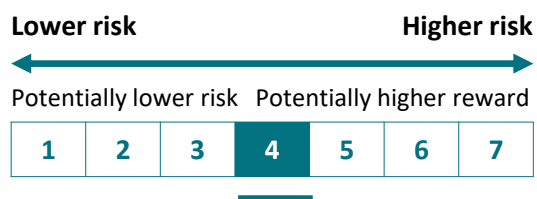
**Alpha:** Net excess return of the fund I EUR over the reference index

Source: AXA IM, Barclays as at 31/05/2022. Unaudited data. Past performance is not a guide to future performances, Performance calculations are net of fees. Performance calculations are based on the reinvestment of dividends. The fund AXA World Funds Global Inflation Bonds is managed in reference to the Bloomberg Barclays World Inflation-Linked Hedged EUR. These are estimated data for illustrative purpose only. (1) Please refer to Slide 83 for further explanations. In order to comply with the recommendation laid out by the regulator and therefore with the transitional provisions issued by ESMA RedEx shares will not accept any new investment from new investors by 30 July 2017 and will not accept any new investment from existing investors by 30 July 2018.

# AXA World Funds Global Inflation Bonds I EUR

## General Characteristics

### Risk and Reward profile



The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free. Please refer to the full prospectus, to sections entitled «General Risk Considerations» and «Special Risk Considerations» for detailed statements of risks. The most recent risk category, which may be different for each share class, is available in the latest Key Investor Information Document.

**Additional Risks** :Counterparty Risk: Risk of bankruptcy, insolvency, or payment or delivery failure of any of the Sub-Fund's counterparties, leading to a payment or delivery default.

Liquidity Risk: risk of low liquidity level in certain market conditions that might lead the Sub-Fund to face difficulties valuing, purchasing or selling all/part of its assets and resulting in potential impact on its net asset value.

Credit Risk: Risk that issuers of debt securities held in the Sub-Fund may default on their obligations or have their credit rating downgraded, resulting in a decrease in the Net Asset Value.

Impact of any techniques such as derivatives: Certain management strategies involve specific risks, such as liquidity risk, credit risk, counterparty risk, legal risk, valuation risk, operational risk and risks related to the underlying assets.

The use of such strategies may also involve leverage, which may increase the effect of market movements on the Sub-Fund and may result in significant risk of losses.

### Main Characteristics

<b>Investment Objective</b>	Seek performance through dynamic exposure mainly to inflation-linked bonds issued in the OECD
<b>Investment Horizon</b>	5 years
<b>Investment Zone</b>	Global
<b>Investment Universe</b>	Inflation-linked bonds and of any other related debt securities issued by OECD governments, corporations or public institutions worldwide
<b>Inception Date</b>	13 September 2005
<b>Legal Form</b>	Sub-fund of AXA World Funds, a Luxembourg-based SICAV
<b>Reference Currency</b>	EUR
<b>Type of Share</b>	Capitalisation and Distribution
<b>Valuation</b>	Daily
<b>Subscription / Redemption</b>	Forward price, daily (D) before 3:00 pm (CET)
<b>Settlement</b>	D+3 working days
<b>Management Company</b>	AXA Funds Management S.A. (Luxembourg)
<b>Investment Manager</b>	AXA Investment Managers Paris
<b>Custodian</b>	State Street Bank Luxembourg S.A.

Source: AXA IM as of 30/12/2020

# AXA World Funds Global Inflation Bonds

## Other Information

SHARE CLASS*		A	F	I
Investor Type		All investors	All investors	For Institutional Investors only
ISIN Code Capitalisation	EUR	LU0266009793	LU1002648381	LU0227145629
	CHF (H)	LU0397279430	LU1002649199	LU0397279356
	GBP (H)	LU0420068156	LU1002649512	LU0420068404
	USD (H)	LU0266009959	LU1002649942	LU0266010452
ISIN Code Distribution	EUR	LU0451400831	LU1005224032	LU0227145975
	GBP (H)			LU0814370507
	USD (H)			LU0266010379
<b>Minimum initial Subscription</b>		None	None	100 000
<b>Minimum Subsequent Investment</b>		None	None	10 000
<b>Maximum Subscription Fees</b>		3.00%	2.00%	None
<b>Maximum Redemption Fees</b>		None	None	None
<b>Maximum Annual Management Fees</b>		0.60%	0.45%	0.30%
<b>Real Annual Management Fees</b>		0.60%	0.35%	0.30%
<b>Maximum Distribution Fees</b>		None	None	None

\* Not Exhaustive

For all hedged classes (H): This share is partially protected against exchange rate fluctuations (at least 95% hedged) between the fund's reference currency and that of the share class. As of March 2020

## AXA World Funds Global Inflation Bonds - Special risk considerations

**Risk linked to investment in inflation-linked bonds:** Inflation-linked bonds are special types of indexed bonds that are tied to indices that are calculated based on the rates of inflation for prior periods. The value of inflation-linked bonds generally fluctuates in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-linked bonds. Conversely, if inflation rises at a faster rate than nominal interest rates, real interest rates might decline and result in an increase in value of inflation-linked bonds. If the Sub-Fund purchases inflation-linked bonds in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the Sub-Fund may experience a loss if there is a subsequent period of deflation. Additionally, if the Sub-Fund purchases inflation-linked bonds in the secondary market which price has been adjusted upward due to real interest rates increasing, the Sub-Fund may experience a loss if real interest rates subsequently increase. If inflation is lower than expected during the period the Sub-Fund holds an inflation-linked bond, the Sub-Fund may earn less on the security than on a conventional bond. If real interest rates rise (i.e. if interest rates rise for reasons other than inflation), the value of the inflation-linked bonds in the Sub-Fund's portfolio and the NAV of the Sub-Fund will decline. Moreover, because the principal amount of inflation-linked bonds would be adjusted downward during a period of deflation, the Sub-Fund will be subject to deflation risk with respect to its investments in these securities and the NAV of the Sub-Fund may be adversely affected. There can be no assurance that such indices will accurately measure the real rate of inflation. Additionally, the market for inflation-linked bonds may be less developed or liquid, and more volatile, than certain other securities markets. There are a limited number of inflation-linked bonds that are currently available for the Sub-Funds to purchase, thus making the market less liquid and more volatile.

**Derivatives risk and leverage** The Sub-Fund may use both listed (including but not limited to futures and options) and OTC derivatives (including but not limited to options, forwards, interest rate swaps and credit derivatives) as part of its investment strategy for investment, hedging or efficient portfolio management purposes, but also repurchase, reverse repurchase or securities lending agreement. These instruments are volatile and may be subject to various types of risks, including but not limited to market risk, liquidity risk, credit risk, counterparty risk, legal risk and operations risks. In addition, the use of derivatives can involve significant economic leverage and may, in some cases, involve a significant risk of loss. The low initial margin deposits normally required to establish a position in such instruments permits leverage. As a result, a relatively small movement in the price of the contract and/or of one of its parameters may result in a profit or a loss that is high in proportion to the amount of assets actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Investments in OTC derivatives may have limited secondary market liquidity and it may be difficult to assess the value of such a position and its exposure to risk. There can be no guarantee that strategies using derivative instruments will meet this expected target. Furthermore, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

**Redex (share class/strategy) risk** relating to interest rate Interest rate risk involves the risk that, when interest rates increase along the curve, as the market value of fixed-income securities tends to decline, as a result the NAV of standard Shares/global inflation bonds sub-funds tends to decrease. Conversely, when interest rates decline along the curve, the market value of fixed-income securities tends to increase, as a result, the NAV of the standard Shares/global inflation bonds sub-funds tend to increase. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term securities. The aim of the listed derivatives overlay strategy implemented at the Redex Share Class/Sub-Fund's level is to reduce the exposure to interest rates parallel shifts along the curves. Therefore, the impact of interest rates parallel shifts on the Redex Share/Sub-Fund's NAV tends to be reduced compared to the impact of such move on the standard Shares/ global inflation bonds sub-funds. When interest rates increase, as the market value of fixed-income securities tends to decline, the market value of the overlay strategy tends to increase, as a result the impact of the interest rates increase on the value of the Redex Shares/Sub-Funds tends to be more limited. Conversely, when interest rates decline, the market value of fixed-income securities tends to increase, and the market value of the overlay strategy tends to decrease as a result the impact of the interest rates decrease on the value of the Redex Shares/Sub-Funds tends to be more limited. There might be costs of carry associated with such strategies should inflation remain too low.

**Risks of Global Investments:** Investments in foreign securities, i.e. securities denominated in a currency different from the Sub-Fund's Reference Currency, offer potential benefits not available from investments solely in securities denominated in the Sub-Fund's Reference Currency. However, it also involves significant risks that are not typically associated with investing in securities denominated in the Sub-Fund's Reference Currency. Indeed, foreign investments may be affected by movements of exchange rates, changes in laws or restrictions applicable to such investments and changes in exchange control regulations (e.g.currency blockage).

# AXA World Funds Global Inflation Short Duration Bonds

## Portfolio Overview

### ACTIVE ASSET ALLOCATION

- Dynamic exposure mainly to inflation-linked bonds issued by OECD governments , corporations or public institutions worldwide and invest in nominal bonds in anticipation of periods of lower inflation
- Active asset allocation across inflation linked bonds issuers

### SOURCES OF POTENTIAL PERFORMANCE

- Focus on inflation indexation, prior to duration
- Flexible allocation to inflation linked to maximize coupons

### STRENGTHS

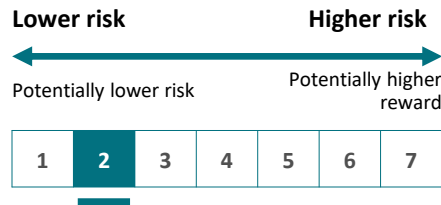
- Active, Simple and Transparent with a proven track record: using the same set of management, current management objectives and active lee ways as in our flagship AXA World Funds Global Inflation Bonds... with a shorter duration focus
- A top-down judgmental approach and a disciplined investment process

### REASONS TO CONSIDER INVESTING

- Low duration ensures a higher correlation of the strategy total return to realized inflation in a low rates environment
- A purist fixed income product which consists to invest mainly in inflation linked bonds

### RISKS<sup>1</sup>

#### Risk and Reward profile



- The risk category is calculated using historical performance data and may not be a reliable indicator of the Sub-Fund's future risk profile.
- The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free.
- The capital of the Sub-Fund is not guaranteed. The Sub-Fund is invested in financial markets and uses techniques and instruments which are subject to some levels of variation, which may result in gains or losses.

Source: AXA IM. (1) Extract from the KIID – I USD Share class as at February 2018. Information contained in this document may be updated from time to time and may vary from previous or future published versions of this document. Please refer to KIID for all additional risks.

# Short duration inflation linked bonds

## Strategy

### SHORT DURATION

Short duration inflation linked bonds have special properties like posting a low historical correlation with nominal bond price swings.

Meanwhile it appears that short duration inflation linked bonds are more correlated to oil price developments.

### ... AND INFLATION INDEXATION

The inflation rate feeding the coupons is the same across all maturities making short duration inflation linked bonds an attractive proposition.

### FOR A LOW YIELD WORLD

Central Banks inflation targeting has pushed interest rates to historically low levels.

In our discretionary approach, we believe that in such a context interest rates will increase when Central Banks will be able to tighten monetary policies...

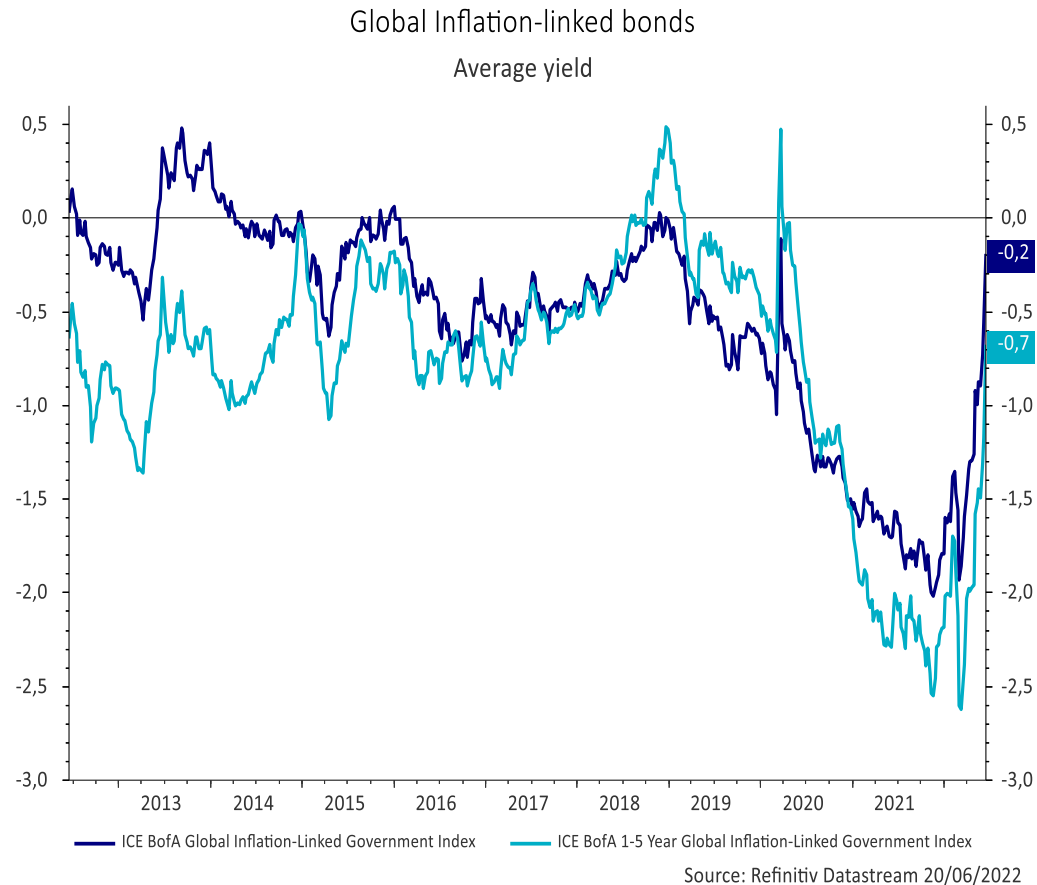
...This should not happen before inflation accelerates

AXA IM has a long expertise in both short duration and in inflation linked bonds



# Real Yields

## Maturity Focus



Real yields are the premium that investors can lock on top of realized inflation

- Real yields are correlated to nominal yields but less so for short duration inflation linked bonds that are more influenced by oil prices than general duration developments.

Investors should aim at maximizing their real yields under the constraint of duration.

Source: AXA IM, Datastream— for illustrative purposes only. Developments of the past offer no guarantee and are no indicator for any future returns or trends.

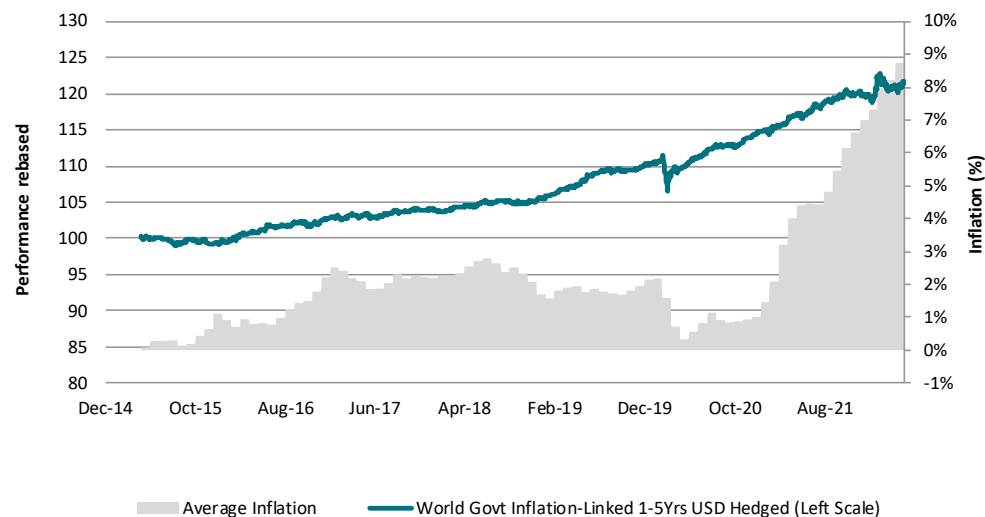
# Short duration inflation linked bonds

## Barclays World Government Inflation Bonds 1-5 Year Index

Country	MaturityBand		Total
	1-3Yrs	3-5Yrs	
AU		0.71	0.71
DE		2.07	2.07
ES	2.17		2.17
FR	5.63	1.30	6.93
GB	5.26	2.09	7.35
IT	3.89	2.57	6.46
JP	3.00	2.13	5.12
SE	0.39	0.35	0.73
US	32.33	34.69	67.02
CA		0.72	0.72
DK	0.33		33%
NZ		0.38	0.38
<b>Total</b>	<b>52.99</b>	<b>47.01</b>	<b>100.00</b>

Country	MaturityBand		Total
	1-3Yrs	3-5Yrs	
AU		0.02	0.02
DE		0.08	0.08
ES	0.05		0.05
FR	0.11	0.05	0.15
GB	0.10	0.08	0.18
IT	0.06	0.10	0.17
JP	0.07	0.09	0.16
SE	0.01	0.01	0.03
US	0.68	1.35	2.03
CA		0.03	0.03
DK	0.00		0.00
NZ		0.01	0.01
<b>Total</b>	<b>1.09</b>	<b>1.83</b>	<b>2.92</b>

World 1-5 Year Govt Inflation Bonds & Average Inflation



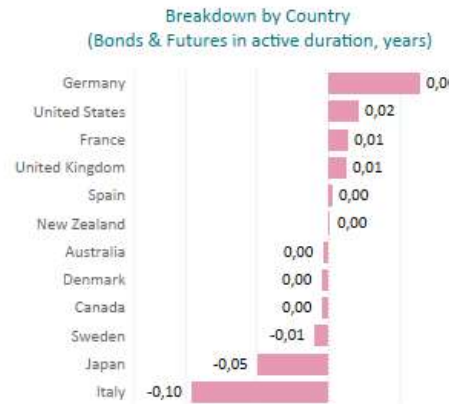
World Govt Inflation-Linked 1-5Yrs on Bloomberg	
BCIW6U Index	USD Hedged
BCIW6E Index	EUR Hedged
BCIW6H Index	CHF Hedged
BCIW6B Index	GBP Hedged
BCIW6I Index	Income
BCIW6Y Index	Annual Yield
BCIW6D Index	Average Duration
BCIW6C Index	Market Cap

Source: AXA IM, Barclays as at 31/05/2022 – for illustrative purposes only. Developments of the past offer no guarantee and are no indicator for any future returns or trends.

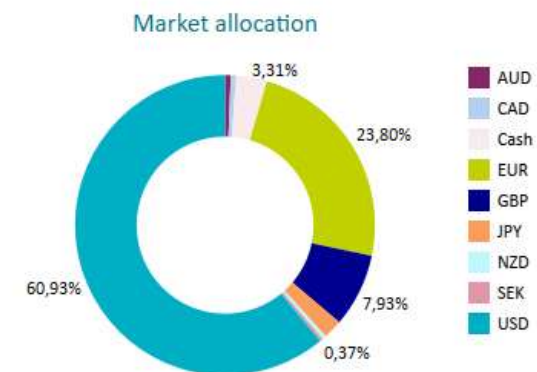
# AXA World Funds Global Inflation Short Duration Bonds

## Portfolio overview

	Fund	Index
AUM	3 719	-
Average Years to Maturity	2,71	2,93
Modified Duration	2,87	2,92
Standard Share Class Duration	2,85	2,90
Number of Positions <sup>1</sup>	44	45
Average Rating (worst)	AA+	AA



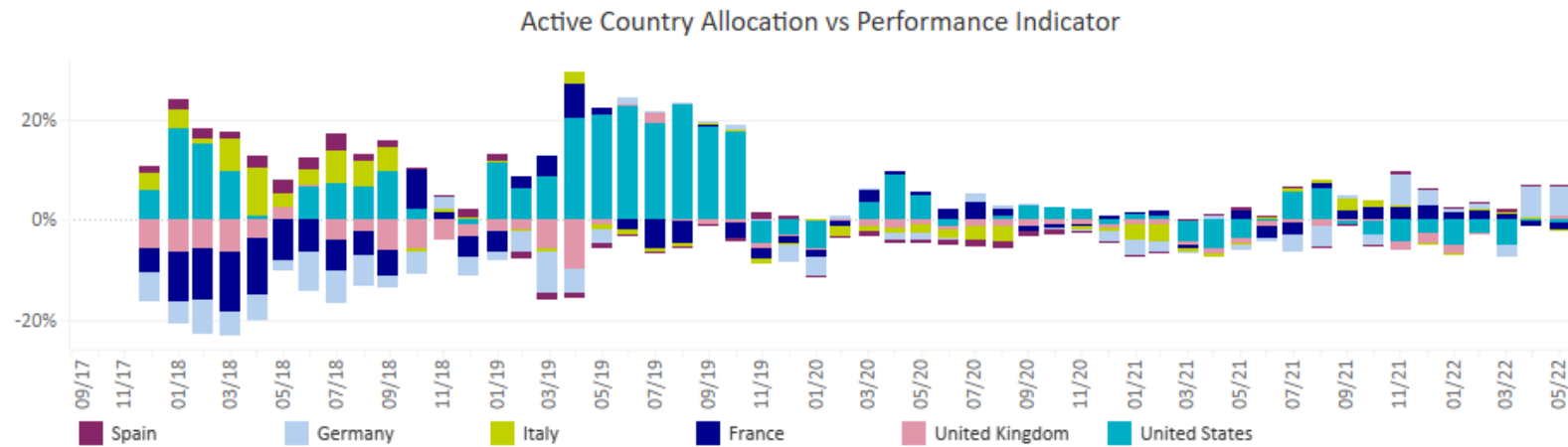
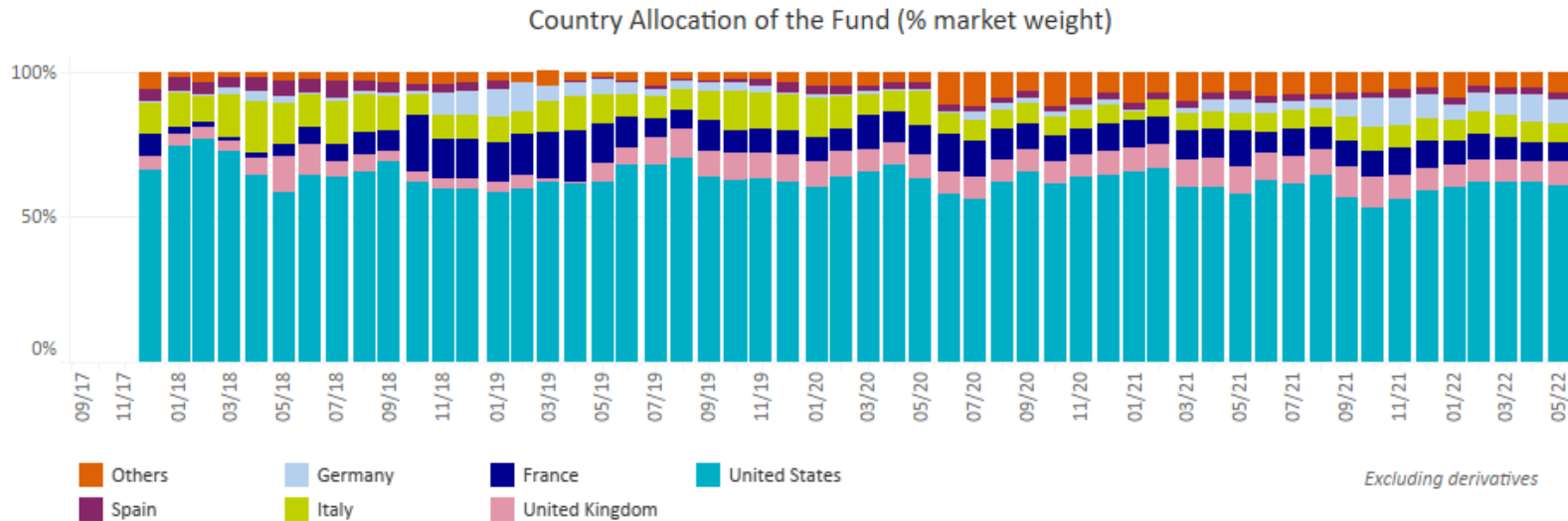
Rating	Fund	Index
AAA	9,0%	3,8%
AA+	61,6%	67,0%
AA	6,7%	7,2%
AA-	7,9%	7,3%
A	2,1%	5,1%
BBB+	2,4%	2,1%
BBB-	7,0%	7,5%
Not Rated	3,2%	



Source: AXA IM as at 31/05/2022. Data is unaudited and sourced from our front office portfolio management system, Simcorp. Please note that the yield calculations are based on the portfolio of assets and may NOT be representative of what clients invested in the fund may receive as a distribution yield. Gross yield figures quoted will vary in the future and are not guaranteed. The fund AXA World Funds Global Inflation Short duration Bonds does not have a reference index. The fund is managed in reference to Barclays Capital World Government Inflation-Linked 1-5 yr Bond Hedged USD index. Depending on the investment strategy used the information contained herein may be more detailed than the information disclosed in the prospectus. Any such information (i) does not constitute a representation or undertaking on the part of the investment manager; (ii) is subjective and (iii) may be modified at any time within the limits provided in the fund prospectus (1) Excludes futures, cash and FX hedges. Derivatives gross exposure excludes FX forwards.

# AXA World Funds Global Inflation Short Duration Bonds

## Evolution of the country allocation



Source: AXA IM as at 31/05/2022. Data is unaudited and sourced from our front office portfolio management system, Simcorp. The fund is managed in reference to Barclays Capital World Government Inflation-Linked 1-5 yr Bond Hedged USD index. For illustrative purpose only. Others include Australia, Canada, Japan, Denmark, Sweden cash and mutual funds

# AXA World Funds Global Inflation Short Duration Bonds

## Historical evolution of active duration and active breakeven positions

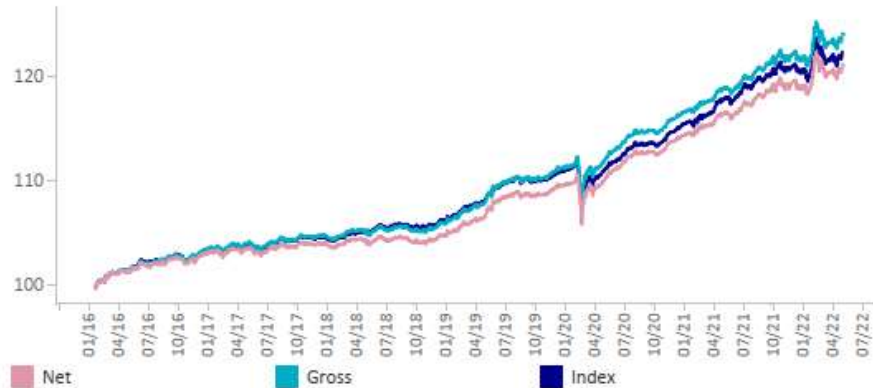


Source: AXA IM, UBS Delta as at 31/05/2022. The fund is managed in reference to Barclays Capital World Government Inflation-Linked 1-5 yr Bond Hedged USD index. For illustrative purpose only. Others include Australia, Canada, Japan, Denmark, Sweden cash and mutual funds

# AXA World Funds Global Inflation Short Duration Bonds I USD

## Performance

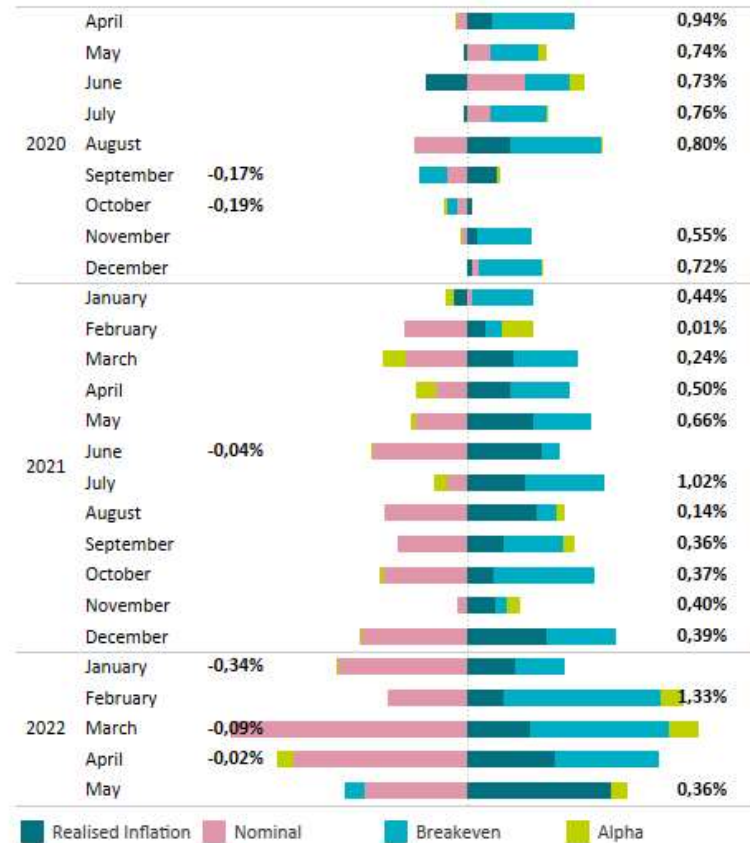
Gross and Net cumulative performance (index=100, Feb 2016)



Cumulative Performance	YTD	1M	3M	1Y	3Y	5Y	SL
Net Performance	1,24%	0,36%	0,25%	3,94%	13,03%	16,86%	21,02%
Gross Performance	1,39%	0,39%	0,34%	4,34%	14,35%	19,13%	23,97%
Performance Indicator <sup>1</sup>	0,90%	0,23%	0,07%	3,70%	12,63%	17,54%	22,17%
Excess Return (Gross)	0,49%	0,16%	0,27%	0,64%	1,72%	1,59%	1,80%
Tracking error	1,24%	1,07%	1,25%	0,66%	0,46%	0,42%	0,38%
Fund's Volatility	3,96%	3,69%	4,12%	2,52%	1,72%	1,53%	1,45%
Information ratio	0,98	1,74	0,85	0,96	1,13	0,66	0,63

Annualised Performance	1Y	3Y	5Y		Net	Gross	Index
Net Performance	3,91%	4,16%	3,16%	2021	4,96%	5,37%	5,44%
Gross Performance	4,30%	4,57%	3,56%	2020	4,12%	4,53%	3,74%
Performance Indicator	3,67%	4,04%	3,28%	2019	4,66%	5,07%	4,55%
Excess Return (Gross)	0,63%	0,53%	0,28%	2018	0,43%	0,81%	1,14%
				2017	1,20%	1,59%	1,52%

AXAWF Global Inflation SD I USD Perf Engine



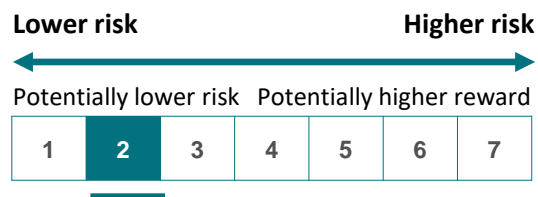
**Past performance is not a reliable indicator as to future performance. Returns may increase or decrease as a result of currency fluctuations.**

Source: AXA IM/UBS Delta Paris as at 31/05/2022. Past performance is not a guide to future performance. No assurances can be made that profits will be achieved or that substantial losses will not be incurred, The portfolio first NAV date was on 16/02/2016. (1) The fund is managed in reference to Barclays Capital World Government Inflation-Linked 1-5 yr Bond Hedged USD index. The fund was launched on 16/02/2016. Performance analysis is relative estimated performance based on unaudited data sourced from UBS Delta. The chart includes gross and net performance. For net, the deduction of fees reduces the level of returns. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

# AXA World Funds Global Inflation Short Duration Bonds

## General Characteristics

### Risk and Reward profile



The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free. Please refer to the full prospectus, to sections entitled «General Risk Considerations» and «Special Risk Considerations» for detailed statements of risks. The most recent risk category, which may be different for each share class, is available in the latest Key Investor Information Document.

**Additional Risks** :Counterparty Risk: Risk of bankruptcy, insolvency, or payment or delivery failure of any of the Sub-Fund's counterparties, leading to a payment or delivery default.

Liquidity Risk: risk of low liquidity level in certain market conditions that might lead the Sub-Fund to face difficulties valuing, purchasing or selling all/part of its assets and resulting in potential impact on its net asset value.

Credit Risk: Risk that issuers of debt securities held in the Sub-Fund may default on their obligations or have their credit rating downgraded, resulting in a decrease in the Net Asset Value.

Impact of any techniques such as derivatives: Certain management strategies involve specific risks, such as liquidity risk, credit risk, counterparty risk, legal risk, valuation risk, operational risk and risks related to the underlying assets.

The use of such strategies may also involve leverage, which may increase the effect of market movements on the Sub-Fund and may result in significant risk of losses.

### Main Characteristics

<b>Investment Objective</b>	seek performance by investing mainly in short duration inflation-linked bonds issued in OECD countries, over a medium term period.
<b>Investment Horizon</b>	5 years
<b>Investment Zone</b>	Global
<b>Investment Universe</b>	Inflation-linked bonds and of any other related debt securities issued by OECD governments, corporations or public institutions worldwide
<b>Inception Date</b>	16 February 2016
<b>Legal Form</b>	Sub-fund of AXA World Funds, a Luxembourg-based SICAV
<b>Reference Currency</b>	USD
<b>Type of Share</b>	Capitalisation and Distribution
<b>Valuation</b>	Daily
<b>Subscription / Redemption</b>	Forward price, daily (D) before 3:00 pm (CET)
<b>Settlement</b>	D+3 working days
<b>Management Company</b>	AXA Funds Management S.A. (Luxembourg)
<b>Investment Manager</b>	AXA Investment Managers Paris
<b>Custodian</b>	State Street Bank Luxembourg S.C.A.

Source: AXA IM. Extract from the KIID – I USD Share class as at 30/12/2020. Information contained in this document may be updated from time to time and may vary from previous or future published versions of this document. Please refer to KIID for all additional risks.

# AXA World Funds Global Inflation Short Duration Bonds

## Other Information

SHARE CLASS*		A	F	I
Investor Type		All investors	All investors	For Institutional Investors only
ISIN Code Capitalisation	USD	LU1353950568	LU1353951533	LU1353952002
	EUR (H)	LU1353950725	LU1353951707	LU1353952267
	CHF (H)	LU1353951020	LU1353951889	LU1353952341
ISIN Code Distribution	USD	LU1353950642	LU1353951616	LU1353952184
	EUR (H)	LU1353950998	LU1567432593	LU1536922112
	CHF (H)		LU1353951962	LU1353952424
Minimum initial Subscription		None	None	5 000 000
Minimum Subsequent Investment		None	None	1 000 000
Maximum Subscription Fees		3.00%	2.00%	None
Maximum Redemption Fees		None	None	None
Maximum Annual Management Fees		0.50%	0.30%	0.25%
Real Annual Management Fees		0.50%	0.30%	0.25%
Maximum Distribution Fees		None	None	None

\* *Not Exhaustive*

For all hedged classes (H): This share is partially protected against exchange rate fluctuations (at least 95% hedged) between the fund's reference currency and that of the share class. As of March 2020



## AXA World Funds Global Inflation Short Duration Bonds - Special risk consideration

**Risk linked to investment in inflation-linked bonds:** Inflation-linked bonds are special types of indexed bonds that are tied to indices that are calculated based on the rates of inflation for prior periods. The value of inflation-linked bonds generally fluctuates in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-linked bonds. Conversely, if inflation rises at a faster rate than nominal interest rates, real interest rates might decline and result in an increase in value of inflation-linked bonds.

If the Sub-Fund purchases inflation-linked bonds in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the Sub-Fund may experience a loss if there is a subsequent period of deflation. Additionally, if the Sub-Fund purchases inflation-linked bonds in the secondary market which price has been adjusted upward due to real interest rates increasing, the Sub-Fund may experience a loss if real interest rates subsequently increase. If inflation is lower than expected during the period the Sub-Fund holds an inflation-linked bond, the Sub-Fund may earn less on the security than on a conventional bond.

If real interest rates rise (i.e. if interest rates rise for reasons other than inflation), the value of the inflation-linked bonds in the Sub-Fund's portfolio and the NAV of the Sub-Fund will decline. Moreover, because the principal amount of inflation-linked bonds would be adjusted downward during a period of deflation, the Sub-Fund will be subject to deflation risk with respect to its investments in these securities and the NAV of the Sub-Fund may be adversely affected. There can be no assurance that such indices will accurately measure the real rate of inflation. Additionally, the market for inflation-linked bonds may be less developed or liquid, and more volatile, than certain other securities markets. There are a limited number of inflation-linked bonds that are currently available for the Sub-Funds to purchase, thus making the market less liquid and more volatile.

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**Risks of Global Investments:** Investments in foreign securities, i.e. securities denominated in a currency different from the Sub-Fund's Reference Currency, offer potential benefits not available from investments solely in securities denominated in the Sub-Fund's Reference Currency. However, it also involves significant risks that are not typically associated with investing in securities denominated in the Sub-Fund's Reference Currency. Indeed, foreign investments may be affected by movements of exchange rates, changes in laws or restrictions applicable to such investments and changes in exchange control regulations (e.g. currency blockage).

# AXA World Funds Euro Inflation Bonds

## Portfolio Overview

### ACTIVE ASSET ALLOCATION

- Dynamic exposure mainly to inflation-linked bonds of the Eurozone denominated in euro and for a maximum 1/3 in nominal bond<sup>1</sup>.
- Active asset allocation across inflation linked bonds issuers

### SOURCES OF POTENTIAL PERFORMANCE

- Key performance engines: real yield, breakeven and carry
- A top-down judgmental approach and a disciplined investment process

### STRENGTHS

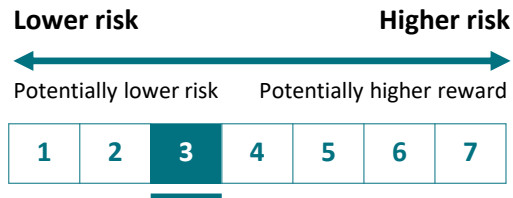
- Benefit from the experience and the management of AXA World Funds Global Inflation Bonds
- A top-down judgmental approach and a disciplined investment process

### REASONS TO CONSIDER INVESTING

- Highly rated<sup>2</sup> and diversified mitigation against inflation
- A purist fixed income product which consists to invest mainly in inflation linked bonds

### RISKS<sup>3</sup>

#### Risk and Reward profile



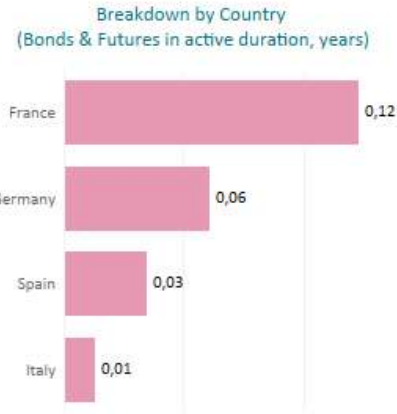
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- The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free.
- The capital of the Sub-Fund is not guaranteed. The Sub-Fund is invested in financial markets and uses techniques and instruments which are subject to some levels of variation, which may result in gains or losses.

Source: AXA IM. (1) Nominal bonds: Conventional bond as opposed to inflation linked bonds that paid an inflation-adjusted value. These are internal guidelines which are subject to change without notice. Please refer to the prospectus for the fund's full investment guidelines and risks. (2) Rated 5 stars by Morningstar as at 31/07/2020 for the I EUR share class. Morningstar: references to league tables and awards are not an indicator of future rankings in league tables or awards. (3) Extract from the KIID – I EUR Share class as at February 2018. Please refer to the prospectus for all additional risks.

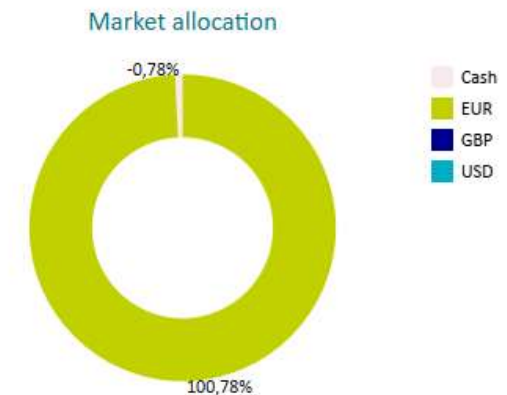
# AXA World Funds Euro Inflation Bonds

## Monthly portfolio overview

	Fund	Index
AUM	382	-
Average Years to Maturity	8,60	8,47
Modified Duration	8,31	8,08
Standard Share Class Duration	8,26	8,03
Number of Positions <sup>1</sup>	40	38
Average Rating (worst)	A+	A+



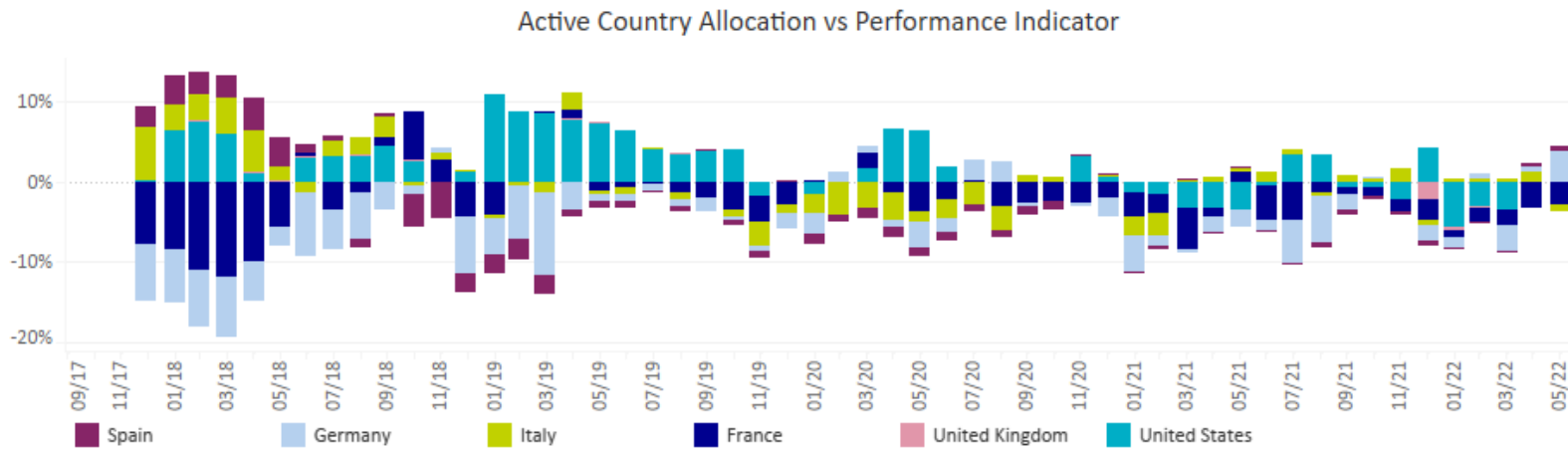
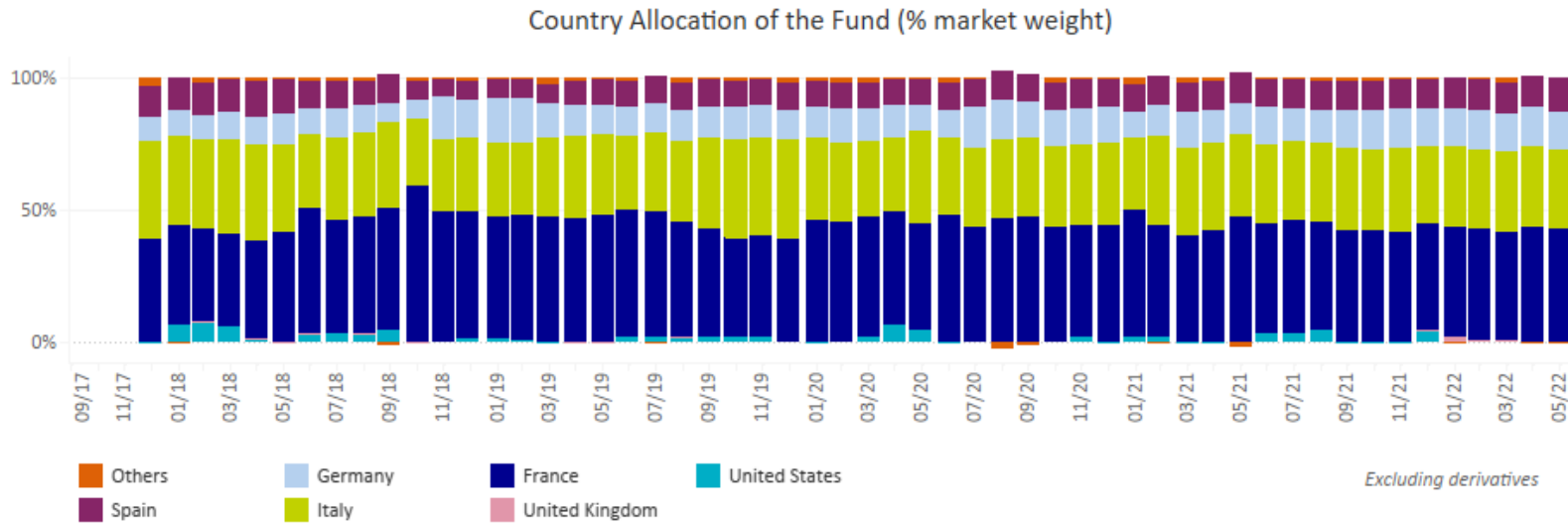
Rating	Fund	Index
AAA	14,6%	12,4%
AA	42,1%	44,9%
BBB+	13,1%	12,4%
BBB-	29,4%	30,3%
Not Rated	0,9%	



Source: AXA IM as at 31/05/2022. (1) Excludes futures, cash and FX hedges. Derivatives gross exposure excludes FX forwards. The fund is managed in reference to Barclays Euro Govt Inflation-Linked All Mat. Depending on the investment strategy used the information contained herein may be more detailed than the information disclosed in the prospectus. Any such information (i) does not constitute a representation or undertaking on the part of the investment manager; (ii) is subjective and (iii) may be modified at any time within the limits provided in the fund prospectus

# AXA World Funds Euro Inflation Bonds

## Evolution of the country allocation



Source: AXA IM as at 31/05/2022. The information contained here is for informational purposes only. Data is unaudited and sourced from our front office portfolio management system, Simcorp. This graph includes cash. Examples are shown for illustrative purposes only and may not reflect current strategies.

# AXA World Funds Euro Inflation Bonds I EUR

## Performance

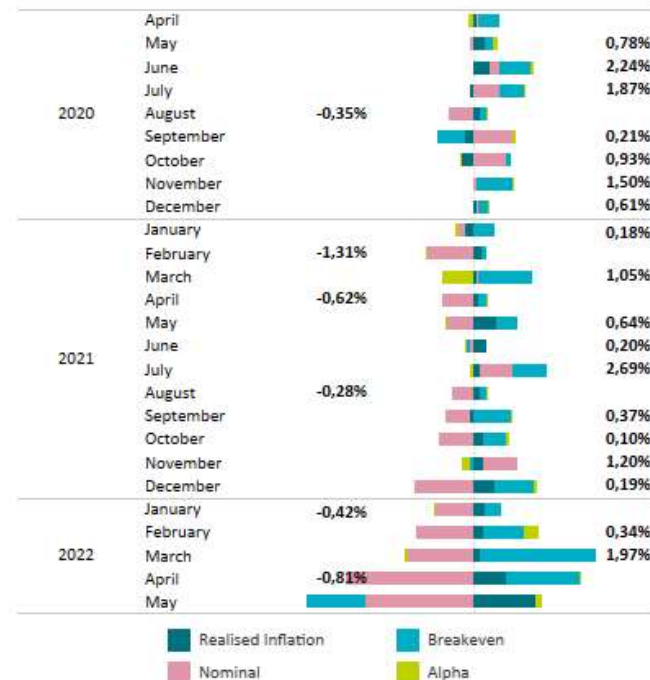
Gross and Net cumulative performance (index=100, Dec 2009)



Cumulative Performance	YTD	1M	3M	1Y	3Y	5Y
Net Performance	-2,60%	-3,63%	-2,52%	1,81%	11,43%	13,84%
Gross Performance	-2,45%	-3,60%	-2,43%	2,21%	12,78%	16,15%
Performance Indicator	-3,10%	-3,82%	-2,58%	1,62%	11,27%	14,68%
Excess Return (Gross)	0,65%	0,22%	0,15%	0,59%	1,51%	1,47%
Tracking error	2,27%	3,00%	2,68%	0,95%	0,53%	0,44%
Fund's Volatility	9,64%	6,82%	10,89%	6,63%	5,88%	4,91%
Information ratio	0,6584	0,5714	0,2040	0,6163	0,8853	0,5943

Annualised Performance	1Y	3Y	5Y	10Y
Net Performance	1,81%	3,67%	2,63%	2,45%
Gross Performance	2,21%	4,09%	3,04%	2,84%
Performance Indicator	1,62%	3,62%	2,78%	2,33%
Excess Return (Gross)	0,59%	0,47%	0,26%	0,51%

AXA WF Euro Inflation Bonds I EUR



	Net	Gross	Index	Net	Gross	Index	
2021	5,48%	5,90%	6,32%	2015	1,74%	2,11%	0,81%
2020	3,34%	3,75%	3,12%	2014	6,21%	6,59%	5,29%
2019	6,77%	7,22%	6,53%	2013	-4,10%	-3,75%	-3,91%
2018	-2,12%	-1,73%	-1,46%	2012	11,14%	11,52%	10,90%
2017	1,16%	1,57%	1,40%	2011	0,21%	0,48%	-0,94%
2016	3,87%	4,26%	3,77%				

**Past performance is not a reliable indicator as to future performance. Returns may increase or decrease as a result of currency fluctuations.**

Source: AXA IM as at 31/05/2022. The figures provided relate to previous months or years and past performance is not a reliable indicator as to future performance. Performance calculations are based on the reinvestment of dividends, (1) The fund does not have a reference index. The fund is managed in reference to Barclays Euro Govt Inflation-Linked All Mat. No assurances can be made that profits will be achieved or that substantial losses will not be incurred. Performance ("Alpha", right hand chart) shown is gross of applicable management fees. The deduction of fees reduces the level of returns. Please see the Appendix for further information about the effect of management fees. The Sub-Fund was launched on 25/11/2002. The chart includes gross and net performance. For net, the deduction of fees reduces the level of returns. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

# AXA World Funds Euro Inflation

## General Characteristics

### Main Characteristics

<b>Investment objective</b>	The Sub-Fund's investment objective is to seek performance by investing mainly in inflation-linked bonds in Euros, over a medium term period.
<b>Legal form</b>	SICAV
<b>Legal country</b>	Luxembourg
<b>Launch date</b>	25/11/2002
<b>Fund Currency</b>	EUR
<b>Shareclass currency</b>	EUR
<b>Valuation</b>	Daily
<b>Share Type</b>	Accumulation / Income
<b>ISIN Code C / D</b>	LU0227145389 / LU0227145546
<b>Ongoing charges</b>	0.40%
<b>Financial management fee<sup>1</sup></b>	0.25%
<b>Maximum Management Fees</b>	0.25%
<b>Minimum initial subscription</b>	100 000 EUR
<b>Minimum subsequent subscription</b>	10 000 EUR
<b>Management company</b>	AXA Funds Management SA (Luxembourg)
<b>(Sub) Financial delegation</b>	AXA Investment Managers Paris
<b>Delegation of account administration</b>	State Street Bank Luxembourg S.C.A
<b>Custodian</b>	State Street Bank Luxembourg S.C.A

### Risk and Reward profile



The risk category is calculated using historical performance data and may not be a reliable indicator of the Sub-Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free

#### Why is this Sub-Fund in this category?

The capital of the Sub-Fund is not guaranteed. The Sub-Fund is invested in financial markets and uses techniques and instruments which are subject to some levels of variation, which may result in gains or losses

**Additional Risks :** Counterparty Risk: Risk of bankruptcy, insolvency, or payment or delivery failure of any of the Sub-Fund's counterparties, leading to a payment or delivery default.

Liquidity Risk: risk of low liquidity level in certain market conditions that might lead the Sub-Fund to face difficulties valuing, purchasing or selling all/part of its assets and resulting in potential impact on its net asset value.

Credit Risk: Risk that issuers of debt securities held in the Sub-Fund may default on their obligations or have their credit rating downgraded, resulting in a decrease in the Net Asset Value.

Impact of any techniques such as derivatives: Certain management strategies involve specific risks, such as liquidity risk, credit risk, counterparty risk, legal risk, valuation risk, operational risk and risks related to the underlying assets.

The use of such strategies may also involve leverage, which may increase the effect of market movements on the Sub-Fund and may result in significant risk of losses.

#### 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. CET. Orders will be processed at the Net Asset Value calculated the next business 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.

**Minimum initial investment:** 100,000 euros or the equivalent in the relevant currency of the relevant Share class.

**Minimum subsequent investment:** 10,000 euros or the equivalent in the relevant currency of the relevant Share class.

Source: AXA IM as of 30/12/2020. (1) The fund may incur other costs, fees and administrative expenses (see prospectus).

# AXA World Funds Euro Inflation Bonds

## Other Information

SHARE CLASS*		A	F	I
Investor Type		All investors	All investors	For Institutional Investors only
<b>ISIN Code Capitalisation</b>	<b>EUR</b>	LU0251658612	LU1002647904	LU0227145389
<b>ISIN Code Distribution</b>	<b>EUR</b>	LU0251658703	LU1002648118	LU0227145546
<b>Minimum initial Subscription</b>		None	None	100 000
<b>Minimum Subsequent Investment</b>		None	None	10 000
<b>Maximum Subscription Fees</b>		3.00%	2.00%	None
<b>Maximum Redemption Fees</b>		None	None	None
<b>Maximum Annual Management Fees</b>		0.50%	0.40%	0.25%
<b>Real Annual Management Fees</b>		0.50%	0.30%	0.25%
<b>Maximum Distribution Fees</b>		None	None	None

\* *Not Exhaustive*

For all hedged classes (H): This share is partially protected against exchange rate fluctuations (at least 95% hedged) between the fund's reference currency and that of the share class. As of March 2020

## AXA World Funds Euro Inflation Bonds - Special risk consideration

**Risk linked to investment in inflation-linked bonds:** Inflation-linked bonds are special types of indexed bonds that are tied to indices that are calculated based on the rates of inflation for prior periods. The value of inflation-linked bonds generally fluctuates in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-linked bonds. Conversely, if inflation rises at a faster rate than nominal interest rates, real interest rates might decline and result in an increase in value of inflation-linked bonds.

If the Sub-Fund purchases inflation-linked bonds in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the Sub-Fund may experience a loss if there is a subsequent period of deflation. Additionally, if the Sub-Fund purchases inflation-linked bonds in the secondary market which price has been adjusted upward due to real interest rates increasing, the Sub-Fund may experience a loss if real interest rates subsequently increase. If inflation is lower than expected during the period the Sub-Fund holds an inflation-linked bond, the Sub-Fund may earn less on the security than on a conventional bond.

If real interest rates rise (i.e. if interest rates rise for reasons other than inflation), the value of the inflation-linked bonds in the Sub-Fund's portfolio and the NAV of the Sub-Fund will decline. Moreover, because the principal amount of inflation-linked bonds would be adjusted downward during a period of deflation, the Sub-Fund will be subject to deflation risk with respect to its investments in these securities and the NAV of the Sub-Fund may be adversely affected. There can be no assurance that such indices will accurately measure the real rate of inflation. Additionally, the market for inflation-linked bonds may be less developed or liquid, and more volatile, than certain other securities markets. There are a limited number of inflation-linked bonds that are currently available for the Sub-Funds to purchase, thus making the market less liquid and more volatile.

**Derivatives risk and leverage** The Sub-Fund may use both listed (including but not limited to futures and options) and OTC derivatives (including but not limited to options, forwards, interest rate swaps and credit derivatives) as part of its investment strategy for investment, hedging or efficient portfolio management purposes, but also repurchase, reverse repurchase or securities lending agreement. These instruments are volatile and may be subject to various types of risks, including but not limited to market risk, liquidity risk, credit risk, counterparty risk, legal risk and operations risks. In addition, the use of derivatives can involve significant economic leverage and may, in some cases, involve a significant risk of loss. The low initial margin deposits normally required to establish a position in such instruments permits leverage. As a result, a relatively small movement in the price of the contract and/or of one of its parameters may result in a profit or a loss that is high in proportion to the amount of assets actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Investments in OTC derivatives may have limited secondary market liquidity and it may be difficult to assess the value of such a position and its exposure to risk. There can be no guarantee that strategies using derivative instruments will meet this expected target. Furthermore, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

**Redex (share class/strategy) risk** relating to interest rate Interest rate risk involves the risk that, when interest rates increase along the curve, as the market value of fixed-income securities tends to decline, as a result the NAV of standard Shares/global inflation bonds sub-funds tends to decrease. Conversely, when interest rates decline along the curve, the market value of fixed-income securities tends to increase, as a result, the NAV of the standard Shares/global inflation bonds sub-funds tend to increase. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term securities. The aim of the listed derivatives overlay strategy implemented at the Redex Share Class/Sub-Fund's level is to reduce the exposure to interest rates parallel shifts along the curves. Therefore, the impact of interest rates parallel shifts on the Redex Share/Sub-Fund's NAV tends to be reduced compared to the impact of such move on the standard Shares/ global inflation bonds sub-funds. When interest rates increase, as the market value of fixed-income securities tends to decline, the market value of the overlay strategy tends to increase, as a result the impact of the interest rates increase on the value of the Redex Shares/Sub-Funds tends to be more limited. Conversely, when interest rates decline, the market value of fixed-income securities tends to increase, and the market value of the overlay strategy tends to decrease as a result the impact of the interest rates decrease on the value of the Redex Shares/Sub-Funds tends to be more limited. There might be costs of carry associated with such strategies should inflation remain too low.



# AXA World Funds Global Inflation Bonds Redex

## Portfolio Overview

### ACTIVE ASSET ALLOCATION

- We intend to maintain an equal exposure to inflation breakeven in the 3 main inflation linked Bond markets (US, UK, EUR) which represent ~90% of the inflation linked universe.
- Active asset allocation across 5 inflation linked bonds issuers, US, UK, Germany, France and Italy.

### SOURCES OF POTENTIAL PERFORMANCE

- Key performance engines: breakeven and interest rates
- A top-down judgmental approach and a disciplined investment process
- Hedged currencies

### STRENGTHS

- AXA IM is a reference and leader in breakeven strategies since 2010.
- A systematic approach which aims at reducing the exposure to non-parallel shifts in the real yield curve and avoiding exposure to sovereign spread variations.

### REASONS TO CONSIDER INVESTING

- Highly liquid strategy and comprehensive exposure to inflation breakeven.
- A purist fixed income product which aims at lowering the risk of nominal interest rate changes and provides a pure exposure to inflation breakeven.

### RISKS<sup>1</sup>

#### Risk and Reward profile



1	2	3	4	5	6	7
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- The risk category is calculated using historical performance data and may not be a reliable indicator of the Sub-Fund's future risk profile.
- The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free.
- The capital of the Sub-Fund is not guaranteed. The Sub-Fund is
- invested in financial markets and uses techniques and instruments which are subject to some levels of variation, which may result in gains or losses.

Source: AXA IM. (1) Extract from the KIID – I EUR Share class as at 31/07/2020. Please refer to the prospectus for all additional risks. The AXA WF Global Inflation Bonds Redex fund was launched on 30 July 2018.

# AXA World Funds Global Inflation Bonds Redex

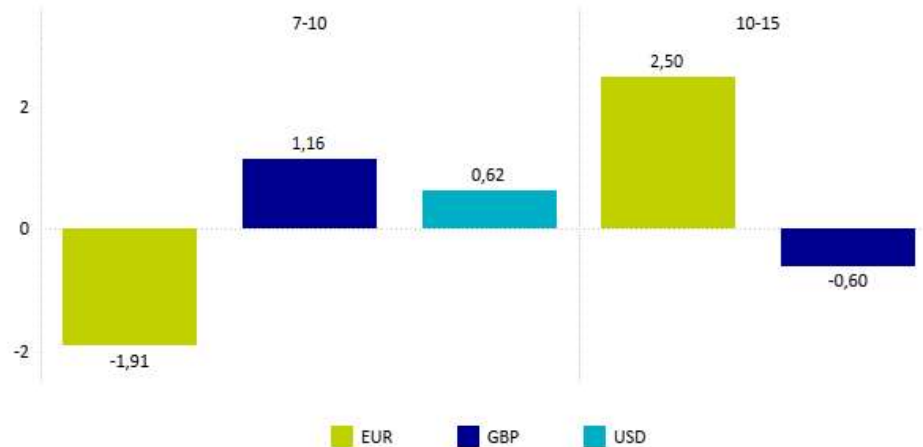
## Monthly portfolio overview

	Fund
AUM	547
Average Years to Maturity	10,26
Modified Duration	1,90
Standard Share Class Duration	1,75
Derivatives Exposure	20
Average Rating (worst)	AA

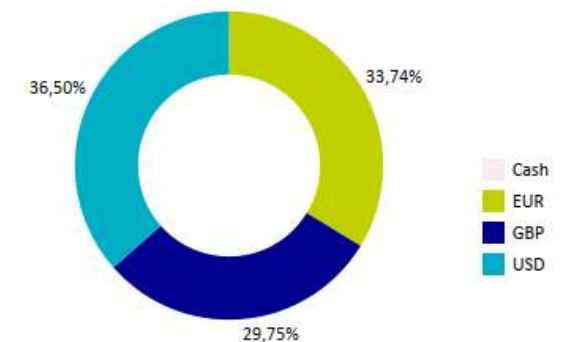


Rating	Fund
AAA	10,92%
AA+	36,62%
AA	10,90%
AA-	29,74%
BBB-	10,81%
Not Rated	1,02%

Duration positions by markets



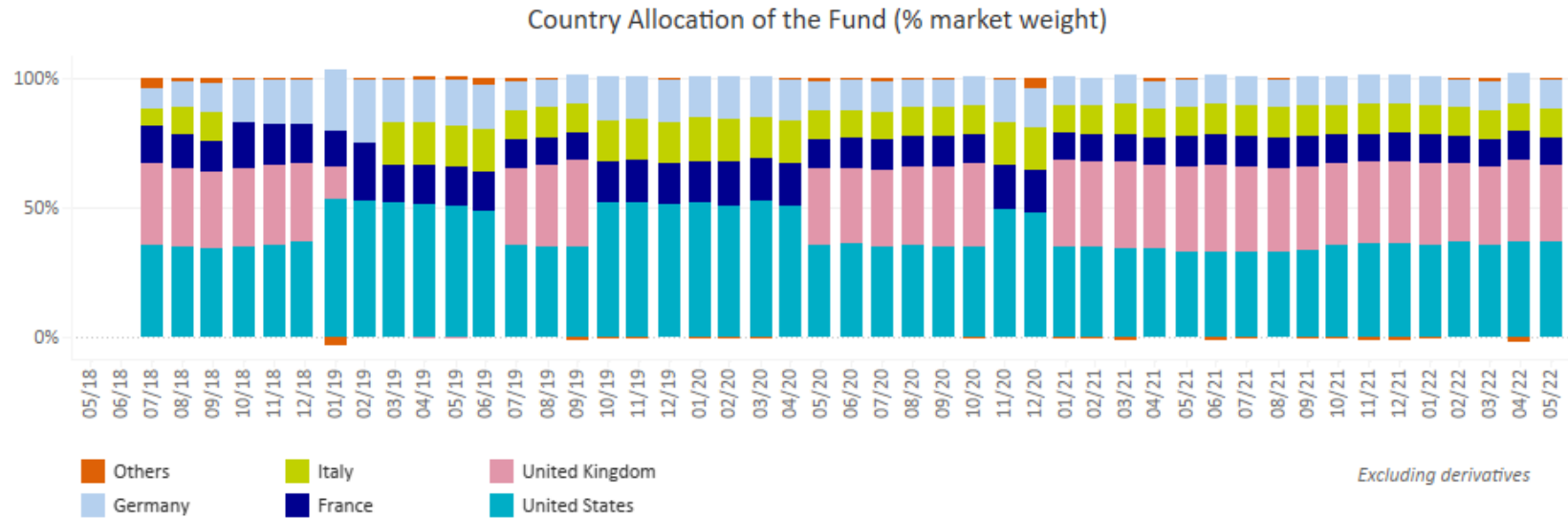
Market allocation



Source: AXA IM as at 31/05/2022. The information contained here in is for informational purposes only. Data is unaudited and sourced from our front office portfolio management system, Simcorp. This graph includes cash. Examples are shown for illustrative purposes only and may not reflect current strategies.

# AXA World Funds Global Inflation Bonds Redex

## Evolution of the country allocation



Source: AXA IM as at 31/05/2022. The information contained here is for informational purposes only. Data is unaudited and sourced from our front office portfolio management system. This graph includes cash. Examples are shown for illustrative purposes only and may not reflect current strategies.

# AXA World Funds Global Inflation Bonds Redex

## Performance

Gross and Net cumulative performance



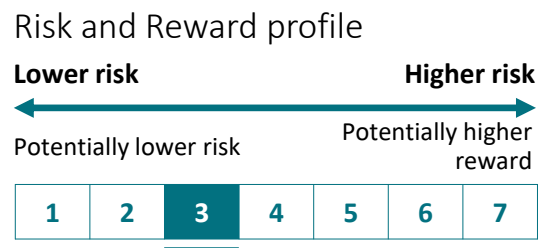
Cumulative Performance	YTD	1M	3M	1Y	3Y	SL	Net	Gross
Net Performance	2,59%	-2,48%	0,43%	7,45%	11,01%	7,29%	2021 8,58%	9,12%
Gross Performance	2,79%	-2,44%	0,55%	7,98%	12,64%	9,27%	2020 -0,99%	-0,51%
							2019 -0,08%	0,38%

**Past performance is not a reliable indicator as to future performance. Returns may increase or decrease as a result of currency fluctuations.**

Source: AXA IM as at 31/05/2022, Past performance is not a guide to future performance. No assurances can be made that profits will be achieved or that substantial losses will not be incurred. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

# AXA World Funds Global Inflation Bonds Redex

## General Characteristics



The risk category is calculated using historical performance data and may not be a reliable indicator of the Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free. Please refer to the full prospectus, to sections entitled «General Risk Considerations» and «Special Risk Considerations» for detailed statements of risks. The most recent risk category, which may be different for each share class, is available in the latest Key Investor Information Document.

**Additional Risk :** Counterparty Risk: Risk of bankruptcy, insolvency, or payment or delivery failure of any of the Sub-Fund's counterparties, leading to a payment or delivery default.

Credit Risk: Risk that issuers of debt securities held in the Sub-Fund may default on their obligations or have their credit rating downgraded, resulting in a decrease in the Net Asset Value.

Impact of any techniques such as derivatives: Certain management strategies involve specific risks, such as liquidity risk, credit risk, counterparty risk, legal risk, valuation risk, operational risk and risks related to the underlying assets. The use of such strategies may also involve leverage, which may increase the effect of market movements on the Sub-Fund and may result in significant risk of losses.

## Main Characteristics

<b>Investment Objective</b>	Seek performance by investing mainly in inflation-linked bonds issued in the OECD while mitigating a parallel global increase or decrease of interest rates curves.
<b>Investment Horizon</b>	5 years
<b>Investment Zone</b>	Global
<b>Investment Universe</b>	Inflation-linked bonds and of any other related debt securities issued by OECD governments, corporations or public institutions worldwide
<b>Inception Date</b>	30 July 2018
<b>Legal Form</b>	Sub-fund of AXA World Funds, a Luxembourg-based SICAV
<b>Reference Currency</b>	EUR
<b>Type of Share</b>	Capitalisation and Distribution
<b>Valuation</b>	Daily
<b>Subscription / Redemption</b>	Forward price, daily (D) before 3:00 pm (CET)
<b>Settlement</b>	D+3 working days
<b>Management Company</b>	AXA Funds Management S.A. (Luxembourg)
<b>Investment Manager</b>	AXA Investment Managers Paris
<b>Custodian</b>	State Street Bank Luxembourg S.A.

Source: AXA IM as of 30/12/2020. The AXA WF Global Inflation Bonds Redex fund was launched on 30 July 2018.

# AXA World Funds Global Inflation Bonds Redex

## Other Information

SHARE CLASS*		A	E	F	I
Investor Type		All investors	More specifically designed or Institutional Investors only	Only offered: (i) through financial intermediaries which according to either regulatory requirements or separate fee arrangements with their clients, are not allowed to keep trail commissions, and/ or (ii) to Institutional investors investing on their own behalf	For Institutional Investors only
ISIN Code Capitalisation	EUR	LU1790047804	LU1790048109	LU1790048364	LU1790049099
	CHF (H)	LU1790047986		LU1790048281	LU1790049172
	USD (H)	LU1790047713			LU1790048950
	GBP (H)				LU1790049255
ISIN Code Distribution	EUR	LU1790048018		LU1790048448	
Minimum initial Subscription		None	None	None	100 000
Minimum Subsequent Investment		None	None	None	10 000
Maximum Subscription Fees		3.00%	None	2.00%	None
Maximum Redemption Fees		None	None	None	None
Maximum Annual Management Fees		0.65%	0.65%	0.50%	0.35%
Real Annual Management Fees until 30 July 2019		0.60%	0.60%	0.35%	0.30%
Real Annual Management Fees after 30 July 2019		0.65%	0.65%	0.40%	0.35%
Maximum Distribution Fees		None	0.65%	None	None

### \* Not Exhaustive

For all hedged classes (H): This share is partially protected against exchange rate fluctuations (at least 95% hedged) between the fund's reference currency and that of the share class.. The AXA WF Global Inflation Bonds Redex fund was launched on 30 July 2018.

## AXA World Funds Global Inflation Bonds Redex - Special risk consideration

**Risk linked to investment in inflation-linked bonds:** Inflation-linked bonds risk Inflation-linked bonds are special types of indexed bonds that are tied to indices that are calculated based on the rates of inflation for prior periods. The value of inflation-linked bonds generally fluctuates in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-linked bonds. Conversely, if inflation rises at a faster rate than nominal interest rates, real interest rates might decline and result in an increase in value of inflation-linked bonds. If the Sub-Fund purchases inflation-linked bonds in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the Sub-Fund may experience a loss if there is a subsequent period of deflation. Additionally, if the Sub-Fund purchases inflation-linked bonds in the secondary market which price has been adjusted upward due to real interest rates increasing, the Sub-Fund may experience a loss if real interest rates subsequently increase. If inflation is lower than expected during the period the Sub-Fund holds an inflation-linked bond, the Sub-Fund may earn less on the security than on a conventional bond. If real interest rates rise (i.e. if interest rates rise for reasons other than inflation), the value of the inflation-linked bonds in the Sub-Fund's portfolio and the NAV of the Sub-Fund will decline. Moreover, because the principal amount of inflation-linked bonds would be adjusted downward during a period of deflation, the Sub-Fund will be subject to deflation risk with respect to its investments in these securities and the NAV of the Sub-Fund may be adversely affected. There can be no assurance that such indices will accurately measure the real rate of inflation. Additionally, the market for inflation-linked bonds may be less developed or liquid, and more volatile, than certain other securities markets. There are a limited number of inflation-linked bonds that are currently available for the Sub-Funds to purchase, thus making the market less liquid and more volatile.

**Derivatives risk and leverage** The Sub-Fund may use both listed (including but not limited to futures and options) and OTC derivatives (including but not limited to options, forwards, interest rate swaps and credit derivatives) as part of its investment strategy for investment, hedging or efficient portfolio management purposes, but also repurchase, reverse repurchase or securities lending agreement. These instruments are volatile and may be subject to various types of risks, including but not limited to market risk, liquidity risk, credit risk, counterparty risk, legal risk and operations risks. In addition, the use of derivatives can involve significant economic leverage and may, in some cases, involve a significant risk of loss. The low initial margin deposits normally required to establish a position in such instruments permits leverage. As a result, a relatively small movement in the price of the contract and/or of one of its parameters may result in a profit or a loss that is high in proportion to the amount of assets actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Investments in OTC derivatives may have limited secondary market liquidity and it may be difficult to assess the value of such a position and its exposure to risk. There can be no guarantee that strategies using derivative instruments will meet this expected target. Furthermore, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

**Redex (share class/strategy) risk** relating to interest rate Interest rate risk involves the risk that, when interest rates increase along the curve, as the market value of fixed-income securities tends to decline, as a result the NAV of standard Shares/global inflation bonds sub-funds tends to decrease. Conversely, when interest rates decline along the curve, the market value of fixed-income securities tends to increase, as a result, the NAV of the standard Shares/global inflation bonds sub-funds tend to increase. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term securities. The aim of the listed derivatives overlay strategy implemented at the Redex Share Class/Sub-Fund's level is to reduce the exposure to interest rates parallel shifts along the curves. Therefore, the impact of interest rates parallel shifts on the Redex Share/Sub-Fund's NAV tends to be reduced compared to the impact of such move on the standard Shares/ global inflation bonds sub-funds. When interest rates increase, as the market value of fixed-income securities tends to decline, the market value of the overlay strategy tends to increase, as a result the impact of the interest rates increase on the value of the Redex Shares/Sub-Funds tends to be more limited. Conversely, when interest rates decline, the market value of fixed-income securities tends to increase, and the market value of the overlay strategy tends to decrease as a result the impact of the interest rates decrease on the value of the Redex Shares/Sub-Funds tends to be more limited. There might be costs of carry associated with such strategies should inflation remain too low.

**Risks of Global Investments:** Investments in foreign securities, i.e. securities denominated in a currency different from the Sub-Fund's Reference Currency, offer potential benefits not available from investments solely in securities denominated in the Sub-Fund's Reference Currency. However, it also involves significant risks that are not typically associated with investing in securities denominated in the Sub-Fund's Reference Currency. Indeed, foreign investments may be affected by movements of exchange rates, changes in laws or restrictions applicable to such investments and changes in exchange control regulations (e.g. currency blockage).

# AXA World Funds Euro Inflation Plus - Our value proposition

## Investment Framework proposition

### Core Portfolio

- **Rates Duration [0 – 5 years ]**
- Nominal bonds exposure : [0% – 100%]
- **Investment grade only.** No High Yield
- Senior debt only
- Sovereign Emerging Markets (OECD members only) : max 20%
- IG Corporate credit: max 20%
- FX hedging: 100% Euro-hedged

### Active Breakeven Management

- Inflation sensitivity +/- 10 years
- Country exposure: OECD members (no EM)
- Instruments: Inflation swaps and / or futures

### Objectives



**Outperform Euro area inflation net of fees on a yearly basis,** with inflation expressed by the Harmonised Indices of Consumer Prices Excluding Tobacco.



**Outperform the ESG rating of the defined reference investment universe:** 80% Bloomberg World Govt Inflation-Linked All Maturities 1-5yr + 20% ICE BofA 1-5 Year Global Corporate Index

### Strategy

- **Discretionary approach to inflation strategies with an ability to go short inflation breakevens**
- **Flexible allocation between nominal and inflation-linked bonds**
- Broader asset allocation and income generation: exploiting opportunities in other investment grade fixed income markets

**A core portfolio aiming at generating inflation linked outcome with an overlay of actively managed inflation breakevens both on the long and short sides**

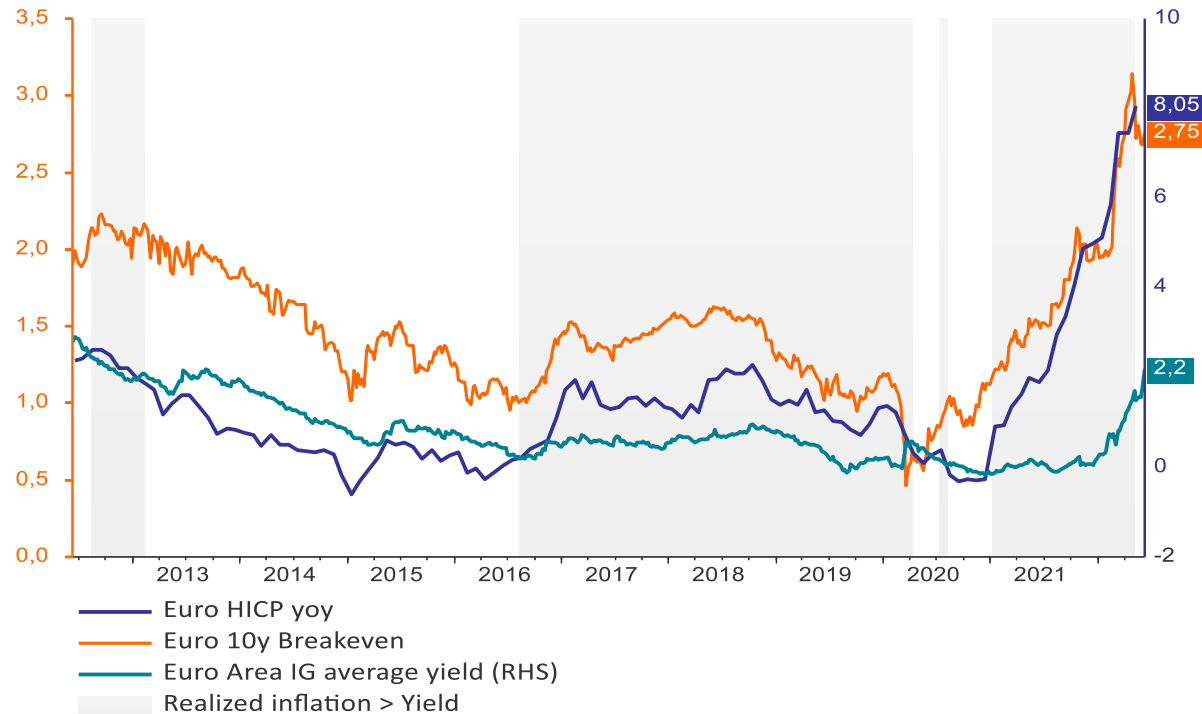
Source: AXA Investment managers. For illustrative purposes only



# The inflation-linked bonds market is driven by short term expectations

## Resulting into attractive investment opportunities to preserve purchasing power

Bond yields & inflation trends are well correlated



Source: Refinitiv Datastream 13/06/2022

There is a solid common trend in inflation, inflation expectations and interest rates. An actively managed inflation strategy can help delivering a performance that is above inflation

Source: AXA IM, Datastream – for illustrative purpose only and subject to change

# Pioneer in ESG integration within inflation strategies

ESG Integration to outperform the investment universe from an extra-financial perspective

Our total return strategy applies AXA IM's sectorial exclusion policies

Climate Risks / Ecosystem Protection & Deforestation / Controversial weapons / Soft Commodities

It also refrains from investing in countries sanctioned by international organizations

## FILTER

AXA IM ESG standards – Exclusion



Exclude non ESG-compliant exposures

- Severe controversies
- White Phosphorus Weapons Producers
- Tobacco
- ESG low quality
- International Norms Violations
- Severe human rights violations

## OPTIMIZE

ESG risk and opportunities management



Target a higher ESG score than the reference investment universe

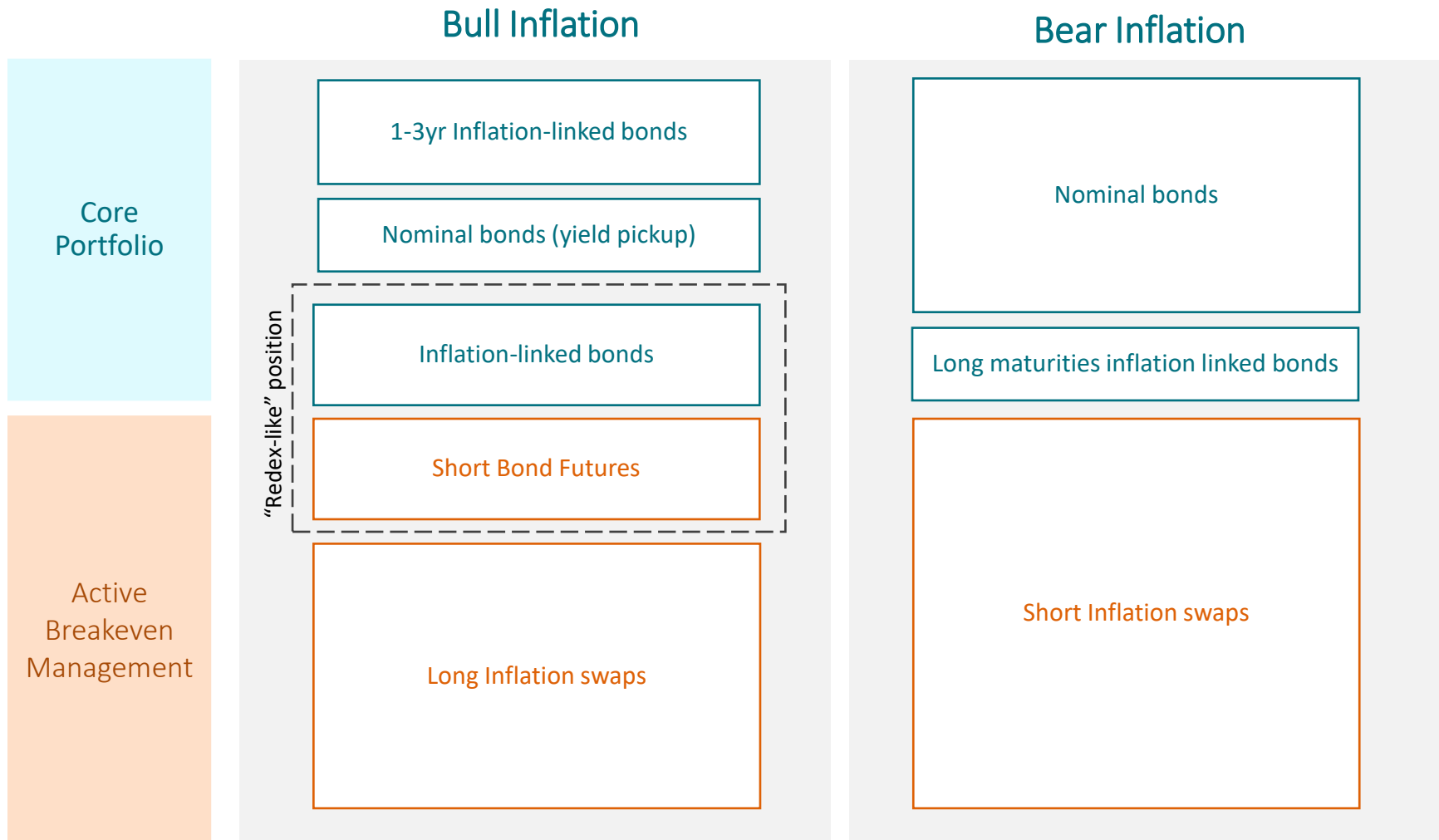
- ESG factors are integrated in our fundamental research, relative value analysis and KPIs optimization.
- We use the ESG framework to identify risks and opportunities for issuers therefore making ESG approach mainstream.

Our inflation total return strategy commits to outperform the ESG score of its investment universe

Source : AXA IM. For illustrative purposes only. AXA IM reserves the right to modify any of the procedures, process and controls described herein at its discretion. The investment universe for ESG comparison is constituted of 80% Bloomberg Barclays World Govt Inflation-Linked All Maturities 1-5yr + 20% ICE BofA 1-5 Year Global Corporate Index.

# Our value proposition

## Strategy Implementation



Source: AXA Investment managers. For illustrative purposes only

# AXA World Funds Euro Inflation Plus

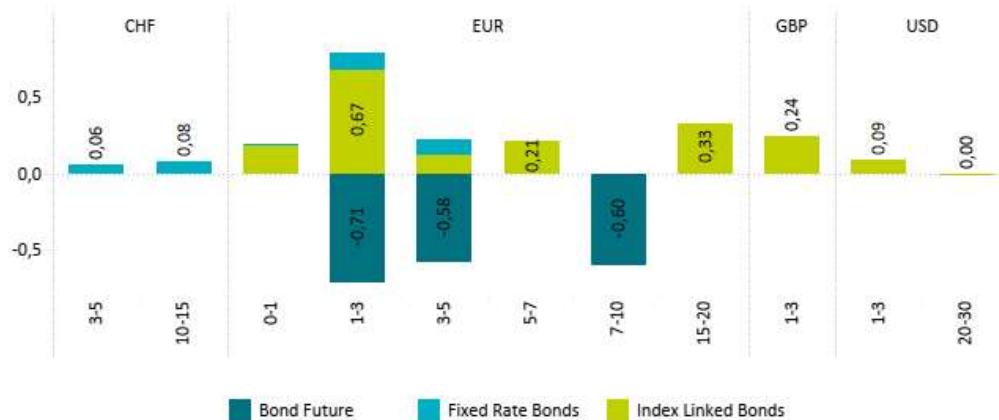
## Monthly portfolio overview

	Fund
AUM	22
Average Years to Maturity	2,29
Modified Duration	0,43
Standard Share Class Duration	0,37
Number of issues	41
Average Rating (worst)	AA

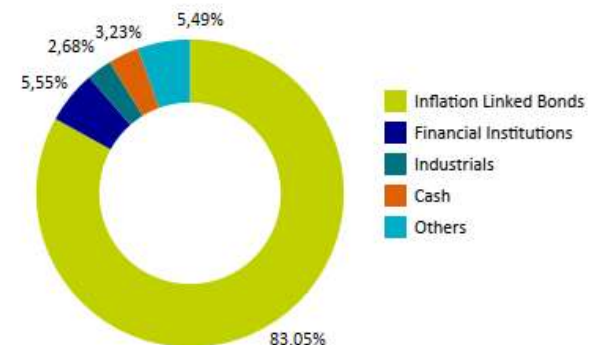
	Index Linked Bon..	Nominal Bonds	Bond Future	Inflation Swap
France	27,9%	1,3%	-4,5%	
Germany	24,6%	1,9%	-45,9%	
United Kingdom	13,2%	0,4%		
Spain	12,4%	0,4%		
Switzerland		2,2%		
Republic Of Ko..		1,4%		
Italy	0,0%	0,9%		
Australia		0,9%		
Others	4,9%	3,6%		10,9%

Rating	Fund
AAA	26,9%
AA+	4,9%
AA	27,9%
AA-	14,6%
A+	0,7%
A	0,4%
A-	2,0%
BBB+	13,3%
BBB	1,4%
BBB-	2,7%
Not Rated	5,2%

Duration positions by markets



Asset Class allocation



Source: AXA IM as at 31/05/2022. The information contained here is for informational purposes only. Non-audited data Reference universe: - 80% Bloomberg World Govt Inflation-Linked 1-5 Yrs Hedged EUR + 20% ICE BofA 1-5 Year Global Corporate Index. Country and asset class allocation exclude Futures

# AXA World Funds Euro Inflation Plus

## Performance



Cumulative Performance					Annualised Performance	
	YTD	1M	3M	SL		SL
<b>Gross Performance</b>	4,73%	0,36%	2,92%	5,71%	Gross Performance	8,84%
<b>Net Performance</b>	4,51%	0,31%	2,79%	5,35%	Net Performance	8,28%
<b>Performance Indicator</b>	4,65%	2,47%	3,71%	6,38%	Performance Indicator	9,90%

The performances are based on the reinvestment of dividends and presented net of financial management fees excluding any others management expenses, hedging currency costs, social contribution and tax costs. The performance of the fund is in EUR. Shares invested in another currency than the above are exposed to exchange rate risk. Their returns are subject to fluctuations of the exchange rate that can impact their performance

**Past performance is not a reliable indicator as to future performance. Returns may increase or decrease as a result of currency fluctuations.**

Source: AXA IM Paris, as at 31/05/2022. Index: 100% Eurozone Harmonised Indices of Consumer Prices (HICP) Excluding Tobacco

The figures provided relate to previous months or years and past performance is not a reliable indicator as to future performance. Performance calculations are net of management or distribution fees. Performance calculations are based on the reinvestment of dividends. No assurances can be made that profits will be achieved or that substantial losses will not be incurred. Returns are subject to currency fluctuations. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.



# AXA World Funds Euro Inflation Plus

## Main Risks

### Risk Profile:

**Risk of capital loss:** The capital of the Sub-Fund is not guaranteed. The Sub-Fund is invested in financial markets and uses techniques and instruments which are subject to some levels of variation, which may result in gains or losses.

### Additional Risks:

**Counterparty Risk:** Risk of bankruptcy, insolvency, or payment or delivery failure of any of the Sub-Fund's counterparties, leading to a payment or delivery default.

**Market Risk:** risk of variation of the Net Asset Value during the life of the Fund due to market movements (assets price volatility, widening of spreads) in general or in specific markets.

Source: AXA IM. 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. Please refer to the sub-funds' prospectus for full Information about the special risk consideration.

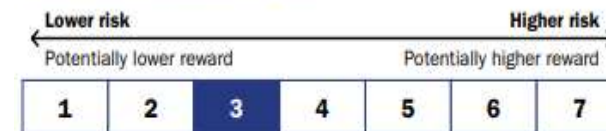
# AXA World Funds Euro Inflation Plus

## Investment Information

### Main Characteristics

Investment Objective	To seek to outperform, in EUR, on a yearly basis the Euro area inflation expressed by the Harmonised Indices of Consumer Prices Excluding Tobacco (the "Benchmark"), net of ongoing charges. This annualized target outperformance is an objective and is not guaranteed.
Investment Horizon	5 years
Investment Zone	Principally in OECD
Investment Universe	The Sub-Fund may invest up to 100% of net assets in debt securities and up to 100% in inflation-linked bonds, both issued by governments, public institutions and companies in OECD countries only (including emerging). The Sub-Fund does not invest more than 20% in corporate bonds.
Inception Date	04 October 2021
Legal Form	Sub-Fund of AXA World Funds, a Luxembourg-based SICAV
Reference Currency	EUR
Type of Share	Capitalisation and Distribution
Valuation	Daily
Subscription / Redemption	Forward price, daily (D) before 3:00 pm (CET)
Settlement	D+4 working days
Management Company	AXA Funds Management S.A. (Luxembourg)
Investment Manager	AXA Investment Managers Paris
Custodian	State Street Bank Luxembourg S.C.A.

### Risk and Reward Profile



The risk category is calculated using historical performance data and may not be a reliable indicator of the Sub-Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free.

### The investment will be reduced by the payment of the below costs/fees:

Class	Maximum recurrent charges taken from the Sub-Fund over a year			
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.70%	0.50%	—
E	—	0.70%	0.50%	0.35%
F	2.00%	0.40%	0.50%	—
G	—	0.18%	0.50%	—
I	—	0.35%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.40%	0.50%	—
ZI	—	0.30%	0.50%	—

### One-off charges taken before or after you invest

Entry Charge	none
Exit Charge	none

This is the maximum that might be taken out of your money before it is invested.

### Charges taken from the fund over a year

Ongoing charge	0.50%
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### Charges taken from the fund under certain specific conditions

Performance fees	none
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Source: AXA IM as of 31/01/2022. Please refer to the sub-funds' prospectuses for full information about the special risk consideration.

# Conclusion

## Inflation Strategies

1



### Purist approach

#### Simple plain vanilla approach

The team focuses on inflation linked bonds to ensure liquidity and matching clients' performance objectives

2



### Proven track record

#### Time-tested investment process

Proven ability to perform in both higher or lower inflation environments

3



### Leaders in ILBs

#### Significant size and experience

The team partners with clients in order to put our size and experience to the benefit of clients through competitive pricing, access to liquidity as well as innovative solutions



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The product categorization is provided based on the basis of the European Directive (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR Regulation"). The attention of each recipient is drawn to the fact that, as of today the SFDR related regulatory technical standards ("RTS") have not been finalized and remain subject to the approval and formal adoption by the European Commission and the European Parliament and Council. Furthermore there may be further guidance in relation to the interpretation of the SFDR Regulation. We are monitoring regulatory developments closely, and the product categorization shall be re-assessed and may evolve when the RTS and/or further guidance is published.

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