

AXA Carbon Transition Sterling Buy and Maintain Credit Fund

Sustainable investment labels help investors find products that have a specific sustainability goal. Sustainability improvers invest mainly in assets that may not be sustainable now, with an aim to improve their sustainability for people or the planet over time.

Sustainability Goal

This fund aims to contribute to net zero by investing in bonds issued by companies that are reducing their emissions to achieve net zero by 2050 or that show a clear and credible commitment to doing so.

In practice, this means keeping its weighted average carbon intensity (WACI) below its carbon emissions benchmark. The benchmark reduces each year so that the fund's investments are on a trajectory to reach net zero carbon emissions by 2050.

About the Weighted Average Carbon Intensity (WACI)

The WACI is an industry-standard measure of a portfolio's exposure to companies' carbon emissions. It is calculated by adding up each holding's carbon emissions, measured in tons of carbon dioxide emissions per US\$1m of revenue, according to its portfolio weight.

The WACI calculation takes into account carbon emissions from sources controlled by an issuer (Scope 1 emissions) and indirect carbon emissions from the production of electricity, heat or steam consumed by an issuer (Scope 2 emissions). Indirect emissions in the value chain of an issuer, for example from suppliers (Scope 3 emissions) are not included because data is either not yet available for many issuers or not reliable enough to use as a basis for investment decisions. While we don't believe that the omission of Scope 3 emissions hurts our sustainable objective, it may mean that our data can underestimate a company's total carbon emissions, and therefore its contribution to the WACI of the fund.

In pursuing our sustainability goal there may be unintended negative consequences; for example, building renewable energy infrastructure could disrupt land or marine ecosystems. We aim to reduce the likelihood of exposure to these consequences by considering a company's environmental policies and the social impact of their business before we invest, and by engaging with companies we hold to ensure that appropriate steps are being taken to address them.

Sustainability Approach

70% of the fund's gross asset value is invested in bonds that are committed to align, aligning or aligned with net zero by 2050. The remainder of the fund can be invested in other transferable securities, cash, deposits and money market instruments in line with the investment policy. These investments may not actively contribute to the fund's sustainability goal, although we won't make any investments that conflict with it.

Our Climate Colours Framework is based on carbon data from selected external providers and our own research. It evaluates a company's commitment, targets and timeframes to align to Net Zero.

We review our ratings at least every 18 months or when something happens to change a company's sustainability profile. If a company is downgraded to Red or Grey, we may continue to hold it while we engage with the company to address the change, provided there's no conflict with our sustainability goal. If a company doesn't improve to Orange or better within 18 months of our first engagement then we will sell our investment as soon as practicable, bearing in mind the best interests of investors in the fund.

When investing in a company, we also consider its financial status, quality of its management, expected profitability and prospects for growth while pursuing the fund's sustainability objective.

ACHIEVING NET ZERO	WE CAN INVEST in these companies
ALIGNED	WE INVEST at least 70% of gross asset value in companies improving their carbon emissions
ALIGNING	
COMMITTED TO ALIGN	
NOT ALIGNED	WE AVOID investing in these companies
NO DATA	WE MAY invest if no conflict with sustainability goal

Responsible investing

In addition to applying the fund's sustainability approach, AXA IM's responsible investing and environmental, social and governance (ESG) approach is embedded in the investment process. Our approach is built around robustly integrating ESG assessment into our investment analysis and portfolio construction based around three pillars:

Research, data and tools - ESG research helps us identify material ESG-related risks and opportunities. Our ESG research is based on quantitative ESG data as well as qualitative analysis from our own analysts on non-financial criteria of companies and issuers of bonds.

Exclusions - We apply our top-level screening policies and AXA IM ESG Standards policy to this fund.

- Top-level screening policies cover controversial weapons, climate risks, ecosystem protection & deforestation, soft commodities and tobacco.

- AXA IM ESG Standards policy includes white phosphorus weapons, violations of international norms and standards, severe controversies and low ESG quality names.

You can find a more detailed overview of our ESG policies on our website at <https://www.axa-im.com/our-policies-and-reports>

Engagement

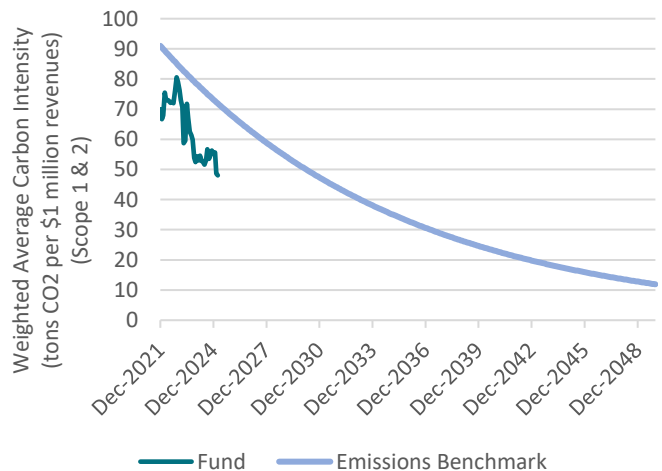
We engage with the issuers of bonds we invest in to assist and encourage them on their net zero pathway. It's particularly important in cases where we have identified weaknesses in an issuers practices or structure that we believe can be improved, and in the case of companies that are downgraded from orange to red.

We set clear goals for our engagement and continually assess the progress being made by issuers we have engaged with in relation to our sustainability objective. Where we're not seeing sufficient gains, we'll consider the most appropriate next steps. We also use our voting rights to vote on a company's proposals in line with our corporate governance and voting policy.

Sustainability Metrics *Source: AXA Investment Managers, as at 7 April 2025*

To measure the fund's reduction in carbon emissions, we compare its weighted average carbon intensity (WACI) to the WACI of its carbon emissions benchmark. The emissions benchmark is set as a 30% reduction of the WACI of the ICE Bank of America Sterling Non-Gilt Index on 31 December 2021, and it is reduced by 7% each year based on the previous year end figure.

We monitor the WACI every month. If the portfolio WACI goes higher than the benchmark then we'll make changes as soon as practicable to get back on track, while having regard to the best interests of investors.



Would You Like To Know More?

More detailed information on this Fund, such as the prospectus, the KIID, the annual report as well as the latest sustainability reports, can be obtained free of charge from the Fund's Management Company, the Administrator, the Fund's distributors, online at <https://funds.axa-im.co.uk/en/individual/>, or by calling 0345 777 5511. These documents are available in English.

A glossary of some of the terms used in this document can be found online at <https://retail.axa-im.co.uk/glossary>

The Net Asset Value per share is available at <https://www.axa-im.co.uk> and at the registered office of the Fund's Management Company

Find out more about the FCA's Sustainability Disclosure Regulations here:

<https://www.fca.org.uk/firms/climate-change-and-sustainable-finance/sustainability-disclosure-and-labelling-regime>

Share Class ISIN

T Acc GBP	GB00BP0Y3G39
T q Inc GBP	GB00BP0Y3H46
Z (G) Acc GBP	GB00B7VXY261
Z Inc GBP	GB00BDDRN805

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