



Gildas Surry   Adrian Paturle   David Benamou   Jérôme Legras

## AXIOM Contingent Capital

- A fund dedicated to Basel 3 instruments
- A risk-management approach
- A unique expertise in bank subordinated debt

### Investment objective

The fund will be mostly invested in the new Basel III securities (Additional Tier 1 and Tier 2 Cocos).

The investment objective of the FCP is to achieve, over a minimum 3-year investment horizon, a return net of management fees equal to or greater than that of its benchmark, the BofA Contingent Capital Index (with coupons reinvested).

### Accounting data

<b>Net asset:</b>	<b>58 350 607,80 €</b>
<b>Modified duration:</b>	<b>2,81</b>
<b>Sensitivity to credit:</b>	<b>4,32</b>
<b>Positions:</b>	<b>74</b>
<b>Yield to call*:</b>	<b>5,61%</b>
<b>Yield to perpetuity**:</b>	<b>5,90%</b>

### Net asset values

**Unit C (EUR): 1109,30**

**Unit R (EUR): 1104,29**

**Unit Z (EUR): 1086,15**

### Monthly comment

The bond market in February was marked by a spread widening on sovereign bonds, particularly those of Italy, Spain and France against those of Germany. The uncertainties surrounding the French President Election are of great concern to the market. Despite this volatility, the price of financial subordinated debts has risen and the Itraxx Sub Financials indexes have remained stable, at around 210 pts.

AT1s increased strongly at the end of the month in light of low net issuance (Barclays issued one AT1 in £ at 7.25% coupon in which we participated). Only the AT1s of French banks dropped in the middle of the month, allowing us to buy some rather opportunistically (BNP, Société Générale and Crédit Agricole). For example, BNP 6 1/8 has fallen by more than 3% in a bull market!

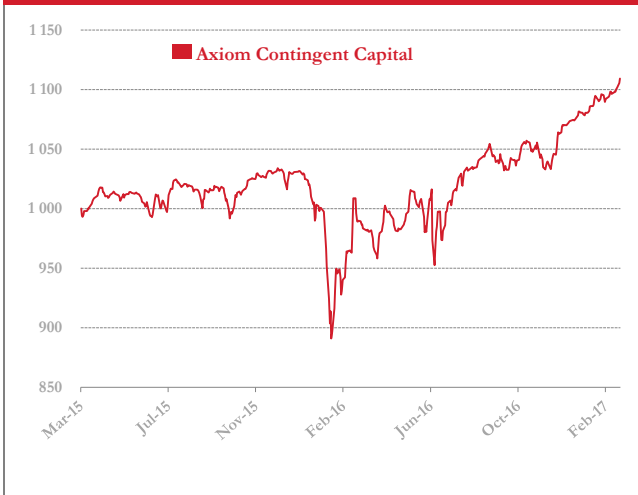
We have sold our entire position on Deutsche Bank's AT1 after its very strong growth. This position, which consisted of 71.5% to 84.5% of the purchase price, was fully sold at 91.56% mid-February.

The fundamentals of the banking sector continue to improve. The annual earning period revealed a better quality of outstanding loans (lower provisions, lower non-performing loans ratios), costs under control (after adjusting exceptional items) and sustained income despite the ultra-low interest rate environment in 2016. The excellent results of ABN Amro, Coventry Building Society and Erste Bank are noteworthy. Disappointment came from two of the biggest institutions, BNP Paribas and HSBC (they respectively showed a decline in retail banking income in France and a weakness in non-USD currencies). Only HSBC AT1s reacted negatively to these results, offering an attractive entry point to reinforce our exposure within the portfolio.

Regulatory progress has slowed down, pending the next meeting of the Basel Committee to early March.

The fund is up 1.37% this month.

### Evolution



### Performance

1 month	3 months	6 months	YTD	1 year
1,76%	6,59%	6,25%	3,22%	17,72%

### Annual performance

2016	2015
4,17%	3,16%

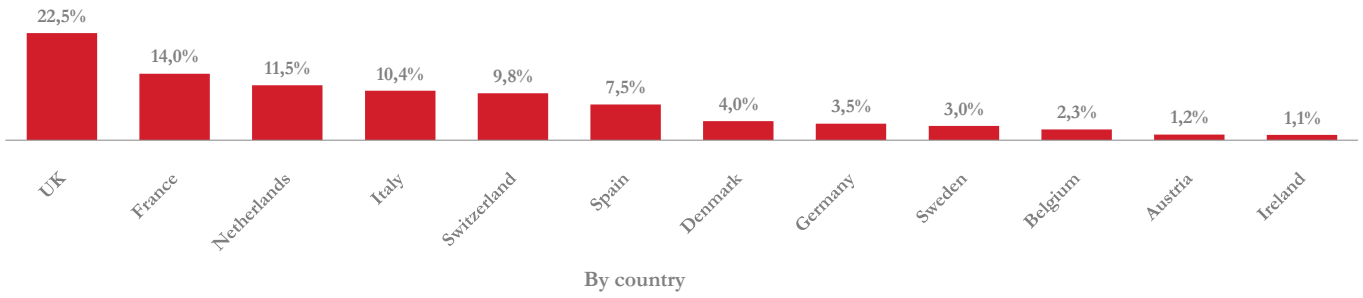
### Statistics

	1 year	3 years
<b>Ann. Daily volatility</b>	9,18%	NA
<b>Sharpe ratio</b>	NA	NA
<b>Beta</b>	NA	NA
<b>Alpha</b>	NA	NA

Risk and yield level:

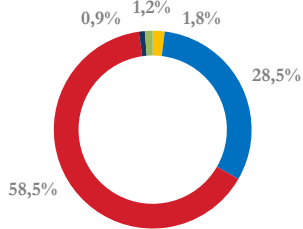


## Portfolio breakdown

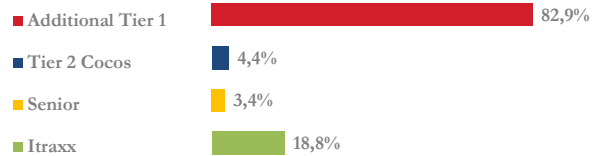


By country

■ A  
■ BBB  
■ BB  
■ B  
■ <B

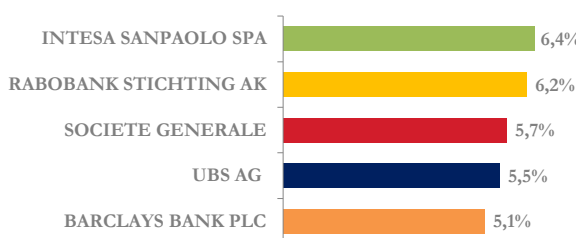


By rating

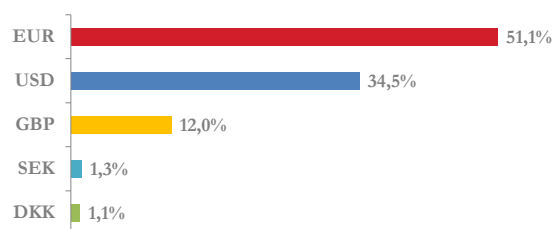


By subordination

5 main issuers



By currency\*



\*Currency exposure is systematically hedged

## Fund information

	Unit C	Unit R	Unit E	Unit CHF	Unit Z
ISIN Code	FR0012419612	FR0012419661	FR0012417327	FR0013182656	FR0012695674
Results allocation	Capitalization	Capitalization	Capitalization	Capitalization	Capitalization
Currency	EUR	EUR	GBP	CHF	EUR
Legal form	Mutual fund under French Law				
AMF classification	Bonds and other international debt securities				
Inception date	16-Mar-15	16-Mar-15	16-Mar-15	x	16-Dec-15
Benchmark	BofA Contingent Capital Index				
Management fees	0,80%	1,30%	0,80%	0,80%	0,05%
Performance fees	NA				
Subscription fees	2% maximum				10% maximum
Redemption fees	2% maximum				10% maximum
Minimum subscription	50 000 €	50 000 €	£50 000	70 000 CHF	50 000 €
Valuation	Daily				
Settlement date	D+3				
Registration countries	France, UK, Switzerland				

## Contacts

### Axiom Alternative Investments

39, Avenue Pierre 1<sup>er</sup> de Serbie 75008 Paris  
Tél : +33 1 44 69 43 90  
contact@axiom-ai.com



### Partners - Business development

**Laurent Surjon**  
laurent.surjon@axiom-ai.com  
Tél : +33 1 56 88 14 21

**Philippe Cazenave**  
philippe.cazenave@axiom-ai.com  
Tél : +33 1 56 88 14 22

### Institutional clients

**Christina Perri**  
christina.perri@axiom-ai.com  
Tél : +33 1 84 17 88 79

**Pauline Vadot**  
pauline.vadot@axiom-ai.com  
Tél : +44 203 807 0862

### France - IFA distribution

**Bertrand Wojciechowski**  
bw@axiom-ai.com  
Tél : +33 6 79 11 31 33

The figures refer to past performance, which may not be reliable indicator of future performances. The information is obtained from the accounting data for the fund and from datavenders (Bloomberg) for the benchmark.

They have not been certified by the Auditor of the Mutual Funds Axiom Contingent Capital and are subject to changes. Because of their simplicity, this information is inevitably partial and incomplete and can not therefore have any contractual value.

\*The yield to call is the yield of the portfolio at the anticipated reimbursement date of the bonds.

\*\*The yield to perpetuity is the yield of the portfolio with the hypothesis that securities are not reimbursed and kept to perpetuity.

The Key Investor Information of the mutual fund is available upon request from Axiom Alternative Investments. The FCP is invested on the bond markets. Its value depends on the asset value of securities held within the portfolio and may therefore be subject to large fluctuations upwards or downwards. This fund is approved by the AMF and the FINMA to be marketed in France and Switzerland.

Additional information for investors in and from Switzerland: The detailed prospectus, the documents entitled "Key investor information", the statutes, the annual and semi-annual reports are available free of charge from the representative and paying agent for Switzerland, RBC Investor Services Bank SA, Esch-sur-Alzette, Zurich Branch, Badenerstrasse 567, PO Box 101, 8066 Zurich.