

## **Total expense ratio of UC Axiom Global CoCo Bonds UCITS ETF reduced to mark first anniversary**

- Since its listing last year, the **UC Axiom Global CoCo Bonds UCITS ETF** has delivered the best performance<sup>1</sup> among EUR-hedged CoCo ETFs.
  - AT1s look particularly attractive in comparison with high betas in current market context.

UniCredit and Axiom Alternative Investments have today announced that the total expense ratio of the UC Axiom Global CoCo Bonds UCITS ETF, the first global exchange-traded fund (ETF) to provide a market weighted exposure to the contingent convertible (CoCo) bond market, has been reduced to 0.39%.

The changes came into effect earlier this month and coincide with the first anniversary of the fund.

The UC Axiom Global CoCo Bonds UCITS ETF, listed on Deutsche Börse Xetra under ticker CCNV GY Equity, is the first ETF to provide investors with access to the entire liquid CoCo Bond market, including Additional Tier 1 (AT1) and Restricted Tier 1 (RT1) capital instruments. The ETF tracks the performance of the Solactive Axiom Liquid Contingent Capital Global Market TR Index – EUR hedged (SOLAXICC), the first currency hedged market-value weighted index.

Recent data from the European Banking Authority (EBA) suggests that European banks have never entered a crisis so well capitalized with an average Core Equity Tier 1 ratio of 14.8% versus 8% in 2008. They have built balance sheet capital and operational resilience over the last decade and can sustain a shock of a comparable magnitude to the 2008 crisis, according to the EBA's 2018 stress tests.

According to UniCredit Credit Research, support from states and central banks is also extremely positive for the sector. The AT1 asset class is further supported by temporary regulatory easing measures, such as IFRS 9 credit loss rules and minimum capital requirements lowering the MDA trigger point.

Over the last months, markets have experienced a significant correction due to COVID-19 – valuations are extremely attractive with a yield to call of 6.44% for CCNV GY Equity as of the end of May.

**Laurent Dupeyron, Managing Director, UniCredit, said:**

*"It is gratifying to see that CCNV GY Equity has performed so well during its first year. Our product offers a well-diversified exposure to the CoCo market in a cost-effective manner. The issuer investment grade rating risk constraints in place make us confident that the ETF will remain resilient in this challenging market environment."*

**David Benamou, Founder and Chief Investment Officer, Axiom AI, added:**

*"The current crisis is not a banking crisis but a public health and economic crisis. European banks are not the problem this time and are expected to play a key role in the solution. Current spread levels are 600 bps on AT1/RT1 bonds. For these reasons, we believe that banks subordinated debt is one of the most attractive areas of the credit market, creating a unique window for investments."*

**ENDS**

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<sup>1</sup> Performance from March 19<sup>th</sup>, 2019 to April 30<sup>th</sup>, 2020.

## NOTES

\*Additional Tier 1 and Restricted Tier 1 bonds are a new deeply subordinated debt format eligible for regulatory capital requirements/purposes under Basel 3 and Solvency 2.

The instruments are designed to absorb losses in two ways: the first is via partial or complete suspension of coupon payment at the discretion of the issuer and the second is via either a (full or partial/temporary or permanent) principal write down or a (full or partial) conversion of the nominal amount into equity of the institution. The latter is triggered by a so-called quantitative capital trigger event with a predetermined regulatory capital ratio.

## FOR FURTHER ENQUIRIES

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## ABOUT AXIOM ALTERNATIVE INVESTMENTS

Axiom Alternative Investments was created in 2009 and is an independent asset management company that combines the complementary expertise of asset managers and former investment bankers.

As a specialist in the financial sector, the company manages over USD1.5 billion at the end of April through a range of open-ended funds and mandates covering all instruments issued by European financial institutions (senior debt, non-preferred senior debt, subordinated debt and equities). The company manages also a hedge fund on credit derivatives and an ETF on contingent convertible bonds. The company is regulated by the AMF, FCA and SEC.

Axiom Alternative Investments markets its funds to institutional clients, Private banks, Family Offices and Asset Management Advisors. The company is based in Paris and London.

## ABOUT UNICREDIT

UniCredit is a simple successful pan-European Commercial Bank, with a fully plugged in CIB, delivering a unique Western, Central and Eastern European network to its extensive client franchise. UniCredit offers both local and international expertise to its clients, providing them with unparalleled access to leading banks in its 13 core markets through its European banking network: Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia and Slovenia.

Leveraging on an international network of representative offices and branches, UniCredit serves clients in another 18 countries worldwide.

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*Axiom Alternative Investments is an asset management company authorised by the AMF under No. GP06000039*