

## Axiom Sustainable Financial Bonds

### Investment objective

The investment objective of the Fund is to yield a return net of management fees that is equal to or greater than the performance of its benchmark, the BofA Contingent Capital Index (coupons reinvested), over a minimum investment horizon of 3 years. **The fund incorporates Environmental, Social and Governance (ESG) characteristics**, with a focus on climate change through the use of the **Axiom Climate Readiness Score (ACRS)**. The Fund thus seeks to invest in financial institutions that are leaders in the integration of climate change considerations. The Fund falls within the scope of Article 8 of the SFDR Regulation.



**Towards Sustainability**

By **Febelfin**

**SFDR: Article 8**

**ACRS: 42%** vs 34% for the universe

**ESG: 82** vs 69 for the universe (out of 100)

### KEY FIGURES AND RISK ANALYSIS

Net assets	33M€
Volatility since inception	8,23%
Yield to call	2,50%
Yield to maturity <sup>1</sup>	4,28%
Sharpe ratio since inception	0,66

Modified Duration	2,23
Credit sensibility <sup>2</sup>	2,75
Average rating by issuer (WARF)	A+
Average rating by instrument (WARF)	BB+
Number of positions	64

### PERFORMANCE AND LATEST NET ASSET VALUE

	Class B (USD)	Class C (EUR)	Class D (EUR)	Class M (CHF)	Class R (EUR)
Last NAV	-	1401,0	-	-	1361,5
Monthly performance		1,15%			1,10%

### PERFORMANCE – C CLASS



Past performance does not guarantee future results.

### PERFORMANCE TREND – C CLASS

1 month	3 months	YTD	1 year	3 years <sup>3</sup>	5 years <sup>3</sup>	Since inception <sup>3</sup>
1,15%	-0,59%	4,12%	4,12%	7,32%	5,44%	5,08%

### MONTHLY PERFORMANCE SINCE THE LAUNCH ON THE C CLASS

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Year
2015			0,6% <sup>4</sup>	0,65%	0,02%	-1,25%	2,07%	-0,49%	-2,06%	3,06%	0,58%	0,05%	<b>3,16%</b>
2016	-3,08%	-5,75%	4,12%	1,46%	1,87%	-2,87%	4,16%	1,78%	-1,10%	2,21%	-1,39%	3,26%	<b>4,17%</b>
2017	1,44%	1,76%	0,93%	2,52%	0,60%	-0,77%	1,84%	-0,01%	0,38%	2,81%	-0,04%	0,29%	<b>12,33%</b>
2018	2,02%	-0,87%	-1,28%	0,33%	-2,64%	-0,77%	1,81%	-0,65%	0,38%	-1,64%	-2,29%	-0,62%	<b>-6,13%</b>
2019	3,15%	1,26%	0,05%	2,46%	-1,83%	3,47%	0,64%	0,19%	1,05%	1,26%	0,88%	1,15%	<b>14,50%</b>
2020	1,13%	-1,93%	-15,61%	8,21%	2,57%	1,53%	1,08%	2,64%	-0,29%	0,25%	4,67%	1,31%	<b>3,71%</b>
2021	-0,18%	1,19%	0,94%	1,11%	0,18%	0,47%	0,31%	0,52%	0,11%	-0,55%	-1,17%	1,15%	<b>4,12%</b>

Source : Axiom AI | <sup>1</sup> Yield in perpetuity of the portfolio, excluding cash, in all currencies. The yield in perpetuity is the rate of return on the portfolio assuming the securities are not redeemed and held in perpetuity | <sup>2</sup> Futures derivatives excluded | <sup>3</sup> Annualised performance | <sup>4</sup> Less than one month performance

## MONTHLY COMMENTARY



**ADRIAN PATURLE**  
Portfolio Manager



**LAURA RAMIREZ**  
ESG Analyst

December 2021 concluded a positive year for all risk asset classes.

The effect of the Omicron variant was strong at the beginning of the month before being subdued thanks to lower mortality rate. As a result, the equity markets rose again, and credit tightened (Subfin from 129 to 108). Only the rise in long-term rates of about 20 bps in Europe, from 0.01% to 0.20% and in the United States from 1.40% at the beginning of the month to 1.51%, penalized high duration assets. This increase is linked to the main risk now identified by investors: prolonged and uncontrolled inflation with strongly negative real interest rates.

There were no new AT1 or RT1 issuances in December, but we did see several redemptions on Legacy instruments. BNP 7.195 was subject to a Reg call, while Axa 5.5 (\$850m) and Santander UK 7.037 were recalled at par.

In addition, in terms of sustainable finance, this month of the year was relatively calm, with no major announcements or disclosure from banks and insurers that could affect our allocation.

The month ended with a bitter sweet note regarding regulatory matters as on one hand the first delegated act of the EU Taxonomy (covering climate mitigation and adaption) was adopted by the European Council, but on the other, the Commission submitted an amendment proposal to the delegated act which requests the inclusion of natural gas and nuclear energy in the taxonomy. This change will result in a higher share of taxonomy aligned investments/lending by insurers and banks, which in particular in the case of gas will not necessarily mean that their investments/lending are supporting emissions reductions.

## RESEARCH AND MANAGEMENT TEAM



**David BENAMOU**  
Managing Partner  
Chief Investments  
Officer



**Jérôme LEGRAS**  
Managing Partner  
Head of Research



**Antonio ROMAN**  
Portfolio Manager



**Adrian PATURLE**  
Partner  
Portfolio Manager



**Gildas SURRY**  
Partner  
Portfolio Manager



**Paul GAGEY**  
Portfolio Manager



**Laura RAMIREZ**  
ESG Analyst

## RISKS

The significant risks for the Fund not reflected in the risk indicator (SRRI) are:

**Counterparty risk:** There is the possibility that credit institutions may not be able to honour their commitments.

**Credit risk:** Investors are exposed to the risk of default on the bonds included in the portfolio. This risk can affect up to 100% of the portfolio. The realisation of this risk may result in a decrease in the net asset value of the fund.

**Liquidity risk:** this risk arises from the difficulty or impossibility of selling securities held in the portfolio when necessary and at the portfolio's valuation price, due to the limited size of the market or insufficient trading volumes in the market such as but not limited to pandemics and natural disasters.

For more information on the risks, please consult the funds' prospectus..

## OUR ESG AND CLIMATE APPROACH

### GENERAL METHODOLOGY

The selection is based on the following ESG tools :

- **Exclusion policy:** determines the exclusions we make due to proven controversies, non-adherence to major initiatives such as the PRB (Principle for Responsible Banking) and sector or thematic restrictions.
- **ACRS - Axiom Climate Readiness Score:** in-house climate rating methodology.
- **ESG Database:** analysis of ESG factors and their rating.

The combination of all these tools allows us to offer a fund with an ESG score higher than that of issuers in the top three quartiles of its investment universe.

### OUR CLIMATE METHODOLOGY

The fund is targeting leading issuers in terms of climate change integration. It evaluates issuers based on :

#### Corporate Engagement

Sets the priority level given to climate change by the board and top management, the company's climate strategy, and corresponding objectives, as well as the degree of transparency of communication and the means deployed to address climate change.

#### Climate Risk and Opportunities

Assesses the processes and tools used to identify, measure and mitigate the issuer's exposure to climate-related risks, as well as its approach to seizing opportunities arising from the energy transition.

#### Climate Contribution

Assesses the share of the issuer's investments and/or loans in companies or financial instruments that seek to contribute to the "greening" of the economy as well as the products or solutions offered that aim to combat climate change. In the case of banks, Axiom AI is computing an ITR metric (Implied Temperature Rise) <sup>1</sup>.

More information on our climate approach is available upon request | <sup>1</sup> ITR (Implied Temperature Rise) - This is a measure of implied temperature rise, also known as the 2° alignment metric, is a forward-looking metric that attempts to estimate a global temperature rise associated with the greenhouse gas emissions of entities in a portfolio or investment strategy. Axiom AI calculates the RTI based on an analysis of banks corporate lending portfolios.

The estimates presented here cannot be compared to other ESG or climate funds as they are based on a proprietary methodology developed by Axiom AI. In addition, our methodology relies on third party data from ESG/Climate data providers. Data providers may apply different models that may contain inaccurate or incomplete data. In case of insufficient data, ESG data providers may resort to estimates and approximations using internal methodologies that may be subjective. As the portfolio manager relies on this data for investment decisions, such uncertainty in data collection can have a negative impact on portfolio performance. For more information on the assumptions related to our ACRS methodology, please contact us.

## KEY ESG INDICATORS

### KEY METRICS

Selection rate<sup>2</sup> : 49%

	ACRS	°C <sup>1</sup>	ESG
Portfolio score	42%	2.70	82
Universe rating	34%	2.71	69
# of companies in the universe	62	41	69
# of companies in the portfolio	30	20	27

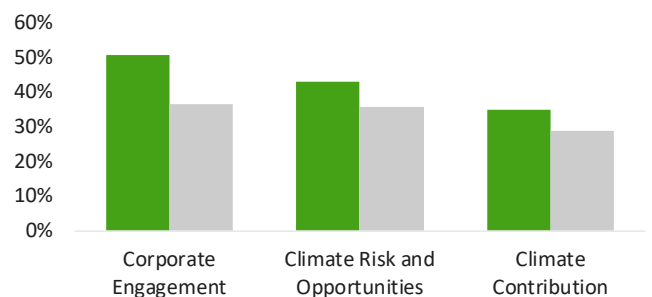
<sup>2</sup> Percentage of the universe excluded for ESG reason

### TOP 5 POSITIONS RANKED BY ACRS

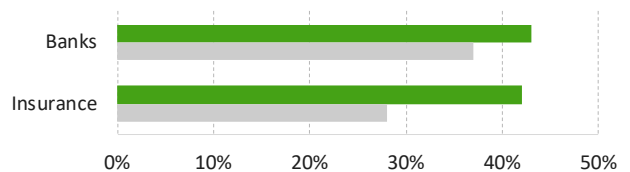
Issuers	CNTY	ACRS	°C	ESG
La Banque Postale	FR	53%	2.26	NA
AXA SA	FR	52%	NA	99
Standard Chartered	UK	50%	2.93	82
Aviva Plc	UK	47%	NA	63
BNPP	FR	46%	2,76	93

Axiom Sustainable Financial Bonds Investment universe

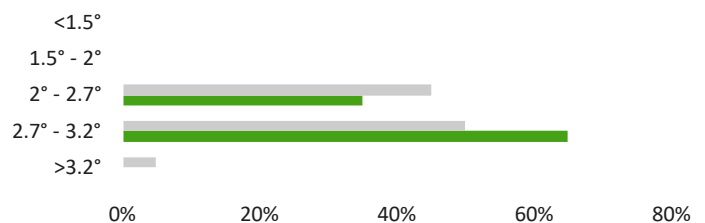
### ACRS BY PILLAR



### ACRS BY TYPE OF FINANCIAL INSTITUTION

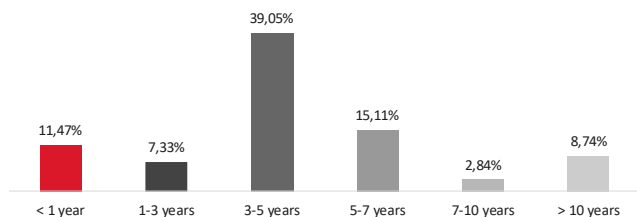


### SPLIT BY IMPLIED TEMPERATURE RISE <sup>1</sup>



## PORTFOLIO SPLIT (as % of assets)

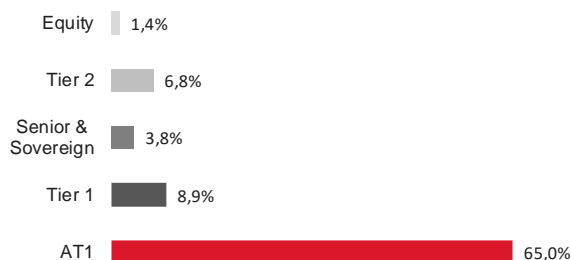
### BY MATURITY <sup>1</sup>



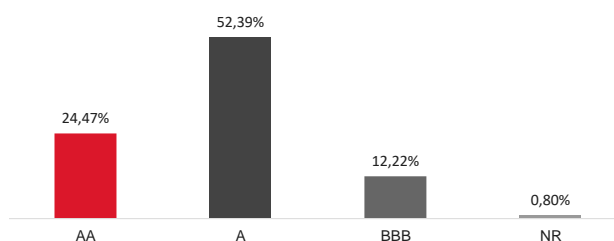
### TOP 5 ISSUERS <sup>4</sup>

AXA SA	5,53%
LA BANQUE POSTALE	5,06%
STANDARD CHARTERED PLC	3,52%
CAIXABANK SA	3,52%
STICHTING AK RABOBANK	3,36%

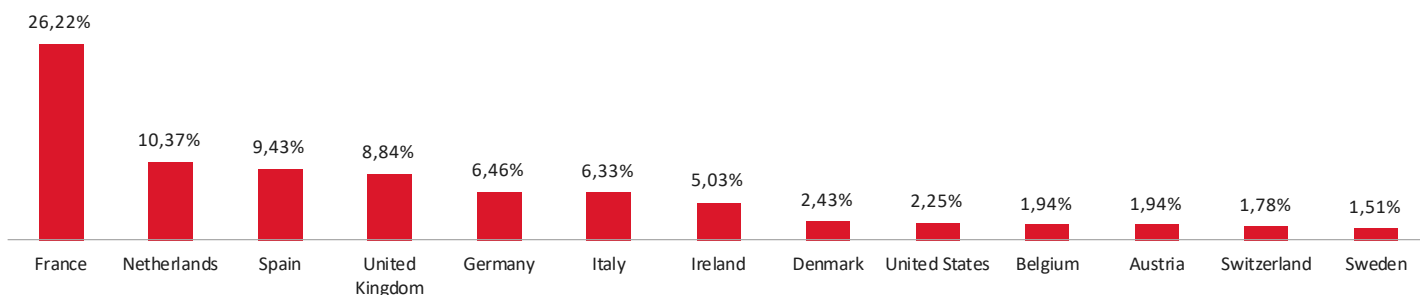
### BY SUBORDINATION <sup>3</sup>



### BY RATING <sup>2</sup>



### BY COUNTRY



<sup>1</sup> Breakdown in % of bonds and equities excluding all derivatives other than single-name CDS | <sup>2</sup> Rating of bonds, excluding unrated instruments | <sup>3</sup> AT1 - Additional Tier 1 and RT1 - Restricted Tier 1 | <sup>4</sup> Rating of bonds, excluding unrated instruments

## FUND INFORMATION

Type :	Lux SICAV
Registered countries	CH – FR – LU – UK
Subscription / Redemption	Before 12:00 / Settlement D+3

Name	ISIN	Currency <sup>10</sup>	Allocation	Inception date	Min 1st subscription	Management fees <sup>11</sup>	Performance fees
Class B	LU2174487863	USD	Accumulation	-	60K	0,80%	None
Class C	LU1876458750	EUR	Accumulation	16/03/2015	50K	0,80%	None
Class D	LU2342935918	EUR	Distribution	-	50K	0,80%	None
Class M	LU1876459139	CHF	Accumulation	-	70K	0,80%	None
Class R	LU1876458834	EUR	Accumulation	19/05/2015	50K	1,30%	None

<sup>10</sup> Currency exposure is systematically hedged | <sup>11</sup> Details of the costs incurred by the Fund can be found in the prospectus

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