

## Axiom Obligataire – Share Class BC (USD)

Sub-fund of the Luxembourg SICAV : Axiom Lux

### NAV & Monthly perf.

2170.7

### Assets Under Management

€ 284M

### Risk and reward profile<sup>1</sup>



### SFDR<sup>2</sup>



### Asset manager

Axiom Alternative Investments

### Legal structure

Luxembourg SICAV : Axiom Lux

### Strategy inception date<sup>4</sup>

23/07/2009

### Sub-fund inception date<sup>4</sup>

Absorption the 25/01/2019

### Share class inception date

10/02/2011

### ISIN Code

LU1876461036

### Minimum subscription

1 000\$

### Share class currency

USD

### Management fees

2%

### Entry charge

0% (2% max.)

### Exit charge

0% (2% max.)

### Performance fee

20% (if perf. > index)

### Type of share

Accumulation

### Valuation frequency

Daily

### Cut-off and settlement day

before 12.00 PM / 3 business days

### Main risks

Credit risk, counterparty risk, liquidity risk (for more information please refer to the Fund's prospectus)

### Investment objectives<sup>3</sup>

The objective of this Fund is to achieve, over a minimum 3-year investment horizon, a return (net of management fees) similar to or greater than that of its benchmarks : ICE BofAML Euro Financial Index (40%), ICE BofAML Euro Corporate Index (40%) and ICE BofAML Contingent Capital Index (20%)<sup>5</sup>. The Fund is actively managed and references the Benchmarks for comparative purposes only.

### Historical performance (USD)

#### Annual performances<sup>7</sup>

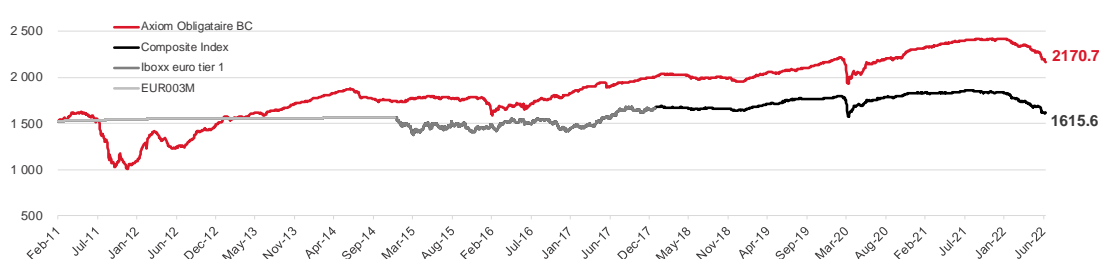
|                        | 2018   | 2019   | 2020  | 2021  | 2022    |
|------------------------|--------|--------|-------|-------|---------|
| Axiom Obligataire - BC | -2.35% | 10.73% | 6.32% | 4.92% | -10.25% |
| Benchmark              | -2.03% | 7.80%  | 3.25% | 0.15% | -11.96% |

#### Annualized performances<sup>7</sup>

#### Cumulated performances<sup>7</sup>

|                        | 3 years | 5 years | Since inception | 1 month | YTD     | 1 year  | 3 years | 5 years | Since inception |
|------------------------|---------|---------|-----------------|---------|---------|---------|---------|---------|-----------------|
| Axiom Obligataire - BC | 1.57%   | 2.55%   | 3.13%           | -4.66%  | -10.25% | -9.26%  | 4.79%   | 13.43%  | 42.02%          |
| Benchmark              | -2.45%  | 0.24%   | 0.49%           | -4.29%  | -11.96% | -12.20% | -7.18%  | 1.19%   | 5.70%           |

### Net of fees performance since inception (base 1000)



### Key metrics

|                      |       |                                      |       |
|----------------------|-------|--------------------------------------|-------|
| Number of positions  | 94    | Modified Duration                    | 2.32  |
| Volatility 5 years   | 3.52% | Credit sensitivity                   | 2.73  |
| Volatility 3 years   | 4.30% | Yield to call                        | 9.09% |
| Sharpe ratio 5 years | 0.17  | Yield to maturity <sup>6</sup>       | 8.36% |
| Sharpe ratio 3 years | 0.02  | Average rating by issuers (WARF)     | BBB-  |
|                      |       | Average rating by instruments (WARF) | BB    |

Past performance is not indicative of future results

Source : Axiom AI | <sup>1</sup> Risk and reward profile represents the annual historical volatility of the sub-fund over a 5-year period. Historical data such as that used to calculate the synthetic indicator may not be a reliable indication of the Fund's future risk profile. The risk category associated with the Fund is not guaranteed and may change over time. The lowest risk category does not mean "risk free". The capital initially invested is not guaranteed | <sup>2</sup> Refer to the page 3 of the document | <sup>3</sup> There is no guarantee that the investment objective will be achieved or that there will be a return on investment | <sup>4</sup> Fund created as a FCP under French law on 07/23/2009 before being absorbed by the SICAV Axiom Lux under Luxembourg law on 01/25/2019 | <sup>5</sup> More information about the indexes : <https://www.theice.com/market-data/indices> | <sup>6</sup> Yield to maturity, excluding cash, in all currencies. Yield to maturity is the rate of return on the portfolio assuming that the securities are not redeemed and held in perpetuity | <sup>7</sup> Net of fees performances



## Monthly commentary



PAUL GAGEY  
Portfolio Manager

The month of June will be remembered by the financial markets as one of the worst months in recent years, aside from the unprecedented situation of March 2020. It concludes the first half of 2022 which was marked by a series of shocks and mainly by inflation amplified due to the consequences of the war in Ukraine.

Central banks, after betting on a transitory phenomenon at the end of last year, have gone on the offensive to counter a sustainable rise in prices that is setting new records every month. The FED accelerated the end of its asset purchase program while raising its key rates at a pace not seen in nearly 30 years.

This movement was amplified last month with multiple key rate hikes such as the US Federal Reserve raising its rates by 75 bps, the Bank of England by 25 bps and the Swiss National Bank by 50 bps. From the ECB side, the first rate hike in 11 years will take place on July 21, with +25 bps. As a result, the main credit indices have fallen sharply, and the subordinated bank bond index is down 6.73%.

For the time being, this deteriorated situation has not affected the dynamism of financial bond issues thanks to high issue premiums and issuers with strong fundamentals. All segments are concerned. Credit Suisse issued an AT1 with a 9.75% coupon in dollars, Aviva issued an RT1, Generali, Credito Emiliano and Vienna Insurance issued Tier2s, and finally, TSB Bank, the British subsidiary of Sabadell, issued a senior bond at 5.25%. The secondary market is not left behind with a multitude of recall announcements by Credit Suisse, Barclays or HSBC for example.

This context allows financial subordinated bonds to embark on very attractive levels of carry in relation to risks. This is far from being the case for non-financial high yield corporate bonds, which are considered too risky in a tougher economic environment.

### Funds activity

The market turmoil allowed us to acquire a senior non-preferred bond issued by Raffeisen Bank AS with a yield of 5% for a BBB rating. We are taking profits on the Axa CMS-indexed perpetual bond at a price close to par.

These examples do not constitute an investment recommendation



## Portfolio management and research 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

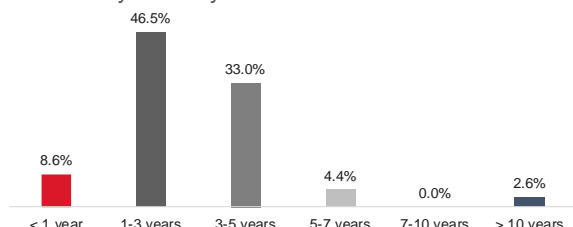


Laura RAMIREZ  
ESG Analyst

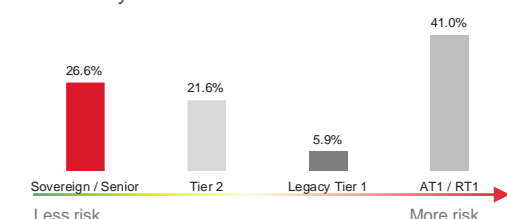


## Portfolio breakdown (in % of assets)

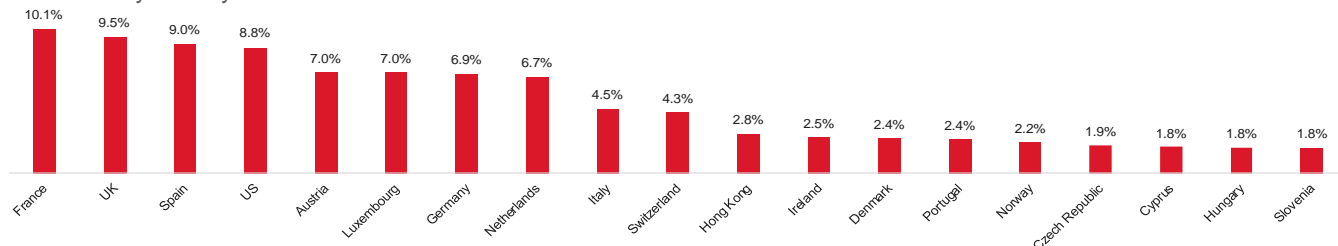
### Breakdown by maturity<sup>1</sup>



### Breakdown by subordination<sup>3</sup>



### Breakdown by country<sup>1</sup>



## Glossary

|                                        |                                                                                                                                                                                                                                                 |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Debt subordination</b>              | The general principle is that when there is not enough money to pay all the debts, the subordinated debt will be paid after the other debts.                                                                                                    |
| <b>Tier 1</b>                          | These securities do not have priority in the event of liquidation, they do not have a maturity date, their coupon is optional and cannot be accumulated. They are the riskiest debt securities and therefore offer some of the highest returns. |
| <b>Legacy bonds</b>                    | Hybrid debt that was eligible as regulatory capital under Basel 1 or Basel 2 and that is not eligible under Basel 3.                                                                                                                            |
| <b>Contingent convertible (Coco)</b>   | Securities that can be converted into shares under certain circumstances, usually when a solvency ratio threshold has been crossed.                                                                                                             |
| <b>ITR (Implied Temperature Raise)</b> | Also known as 2° alignment metric, is a forward-looking measure that attempts to estimate a global temperature associated with the greenhouse gas emissions of entities in a portfolio or investment strategy.                                  |
| <b>ESG</b>                             | Refers to the Environmental, Social and Governance (ESG) criteria that enable an analysis of a company's non-financial performance.                                                                                                             |
| <b>Energy transition</b>               | Refers to the transition from the current energy production system, mainly based on fossil fuels, to an energy mix based largely on renewable or low carbon energies.                                                                           |

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Source : Axiom AI | <sup>1</sup> Analysis calculated on the scope of interest rate instruments; all derivatives excluded except single-name CDS | <sup>2</sup> Excluding Government bonds | <sup>3</sup> Fixed income securities only



## Main risks

**Risk of loss of capital:** the sub-funds do not offer any protection or guarantee. As a result, investors may not be able to fully recover their initial investment.

**Operational risk:** the risk of losses resulting from inadequate or failed internal processes, people, systems or external events. The occurrence of these risks may cause the net asset value of the fund to fall

**Currency risk:** as some of the assets may be denominated in currencies other than the reference currency, the sub-fund may be affected by changes in exchange controls or in the exchange rates between the reference currency and these other currencies. For this reason, the sub-fund will systematically hedge against this risk. However, a residual risk remains. These exchange rate fluctuations may cause the net asset value of the sub-fund to fall.

**Credit risk:** this risk arises from the possibility that an issuer of bonds or debt securities may not be able to honour its payment obligations, i.e. the payment of coupons and/or the repayment of capital at maturity. Such a default may result in a decrease in the net asset value of the sub-fund (including total return swaps or DPSs). This also includes the risk of a downgrade of the issuer's credit rating.

**Counterparty risk:** A sub-fund that invests in OTC derivatives may be exposed to the risk arising from the creditworthiness of its counterparties and their ability to meet the terms of such contracts. The sub-fund may enter into forward contracts, options and swaps, including CDS, or use derivative techniques, which involves the risk that the counterparty may not meet its obligations under each contract.

**Exchange rate:** Any investment in equities may involve directly or indirectly an exchange rate risk. While the net asset value of the sub-fund is calculated in its reference currency, the performance of an underlying asset or its components denominated in a currency other than the reference currency will also depend on the exchange rate of that currency. Similarly, the currency other than the reference currency in which an asset of the sub-fund is denominated implies a currency risk for the sub-fund.

**Liquidity risk:** risk arising from the difficulty or impossibility of selling securities held in the portfolio when necessary and at the price at which the portfolio is valued, due to the limited size of the market or insufficient trading volumes on the market where these securities are usually traded. The realisation of this risk may result in a decrease in the net asset value of the sub-fund.

**Use of derivatives:** If a sub-fund whose performance is linked to an underlying asset frequently invests in derivatives or securities other than the underlying asset, derivative techniques will be used to link the value of the shares to the performance of the underlying asset. While the prudent use of such derivative techniques may be beneficial, derivatives also involve risks which in some cases may be greater than the risks associated with more traditional instruments. Transaction costs may be associated with the use of such derivatives.

**Climate/ESG data risk:** The Management Company's ESG integration process relies on third party data from climate/ESG data providers. Data providers may apply different models and use different sources of information, which may contain inaccurate, incomplete or unaudited data. In addition, where data is insufficient, data providers may use internal methods to produce subjective estimates and approximations. Similarly, the Management Company conducts qualitative analysis based on self-reported information, which is generally not audited by a third party. As the portfolio manager bases its investment decisions on this data, this uncertainty in data collection may have a negative impact on the performance of the portfolio.