

## Axiom European Banks Equity – Share Class RC EUR(v)

Sub-fund of the Luxembourg SICAV : Axiom Lux

### NAV & Monthly perf.

2099.5  
5.00%

### Assets Under Management

€ 170M

### SRI<sup>1</sup>



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



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

The objective of this Fund is to achieve, over a minimum 5-year investment horizon, a return (net of management fees) similar to or greater than that of its benchmark (Stoxx Europe 600 Banks Net Return<sup>5</sup>). The Fund is actively managed and references the Stoxx Europe 600 Banks Net Return<sup>5</sup> (the “Benchmark”) for comparative purposes only.

### Historical performance (EUR)<sup>4</sup>

	Annual performances <sup>6</sup>					
	2018	2019	2020	2021	2022	2023
AEBE - RC EUR(v)	-38.21%	20.75%	6.32%	56.16%	0.70%	31.14%
SX7R	-25.37%	13.52%	-24.42%	38.54%	1.06%	26.46%

	Annualised Performances <sup>6</sup>			Cumulated Performances <sup>6</sup>					
	3 years	5 years	Since inception	1 month	YTD	1 year	3 years	5 years	Since inception
AEBE - RC EUR(v)	25.24%	22.98%	7.65%	5.00%	25.84%	45.67%	96.43%	181.27%	108.23%
SX7R	19.22%	9.56%	3.58%	4.13%	19.05%	38.39%	69.44%	57.89%	41.89%

### Net of fees performance since inception (base 1000)<sup>4</sup>



### Key metrics

Number of positions	29	1 year Beta	1.22
1 year Sharpe ratio	2.35	1 year volatility	18.77%
1 year Information ratio	1.42	5 years volatility	33.28%
5 years Information ratio	1.21	Correlation to the SX7R since inception	0.96

Past performance do not predict future returns.

Internal source from Axiom AI | 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 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 25/03/2014 before being absorbed by the SICAV Axiom Lux under Luxembourg law on 11/01/2019 | <sup>5</sup> More information about the index : <https://www.stoxx.com/index-details?symbol=SX7R> | <sup>6</sup> Net of fees performances



## Monthly commentary

### Management team



ANTONIO ROMAN



DAVID BENAMO

April saw a further reduction in interest rate cut expectations amid strong activity and inflation data. In the US, the core PCE inflation and employment cost indices came above expectations. Markets are becoming skeptical that the Fed can cut this year at all, with only 33 bps of cuts implied by December. In Europe, though disinflation is more apparent overall, service prices remain an issue. PMIs continued to improve and Q1 GDP growth was higher than forecast. Markets are now pricing a 80% chance of an ECB June cut, but see a subsequent cut in July as unlikely. On the geopolitical front, the military tensions between Israel and Iran led to a short-lived spike in oil prices and risk premia. The SX7R returned +4.16% vs. -0.94% for the SXXR. The Subfin was unchanged at c. 116 bps, while the Xover widened to 318 bps. Bund yields and US 10y Treasuries ended the month higher at resp. 2.59% and 4.66%.

Q1 earnings reported so far were strong on both sides of the Atlantic, with median beats of 9% and 5% in the US and Europe respectively. European banks shined, with a 2% median revenue beat and a 10% median earnings beat. Results were supported across the board by a better than expected cost of risk as defaults remained low across loan segments. There was no negative surprise from commercial real estate. Bawag managed to reduce its US office exposure by 20% without incurring losses. Higher forward rates helped banks outperform NII expectations and in some cases revise their guidance higher. Poor performance on costs was punished by the markets, as exemplified by Handelsbanken which lost about 15% of its market cap in two days.

We expect the discount of banks versus the broader market to normalise further as earnings and payouts prove more sustainable than initially feared. In a higher for longer world, more fixed-rate assets and hedges will get the chance to lock-in current yields, which will provide a tailwind once short-term rates and the cost of deposits start to fall. An improving economic picture and lower short-term rates could revive lending and capital market fees, while dampening risks around asset quality.

The M&A scene was especially busy. BBVA is exploring an acquisition of Sabadell again, 3 years after its initial attempt failed. The deal would help BBVA rebalance its earnings towards Europe as well as improve its competitive position and diversify its client mix in Spain. Societe Generale agreed to sell its Equipment Financing arm to BPCE for €1.1bn. Separately, SocGen announced the disposal of its Moroccan business to Saham Group for €745mn. HSBC sold its Argentina subsidiary to Grupo Financiero Galicia. In the UK, both the Nationwide-Virgin Money and the Coop Bank-Coventry deals were confirmed.

In other news, the Swiss government published a review of the "too-big-to-fail" rules following the collapse of Credit Suisse. The document reads negatively for UBS shareholders as some rules, such as the deduction of the book value of foreign subsidiaries at the Swiss parent level, would limit the ability of UBS to distribute capital for several years.

These examples do not constitute an investment recommendation

Internal source from Axiom AI <sup>1</sup> Single name derivatives included



## Portfolio Management and Research team



David  
BENAMO  
Managing Partner  
Chief Investment  
Officer



Jérôme  
LEGRAS  
Managing Partner  
Research director



Antonio  
ROMAN  
Partner  
Portfolio Manager



Adrian  
PATURLE  
Managing Partner  
Portfolio manager



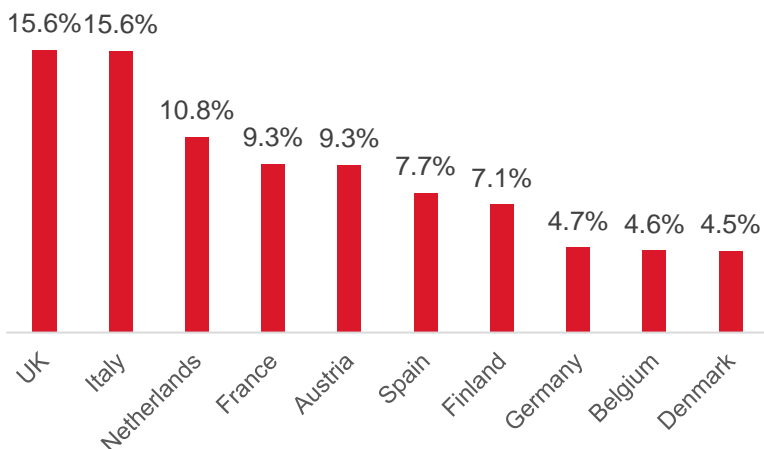
Paul  
GAGEY  
Portfolio Manager



Laura  
RAMIREZ  
ESG Analyst

## Portfolio breakdown (in % of Net Assets)

Top 10 country<sup>1</sup>



Top 5 holdings<sup>1</sup>

Issuer	%
HSBC	9.8%
NORDEA BANK ABP	7.1%
ING GROEP NV	6.1%
STANDARD CHARTERED PLC	4.8%
INTESA SANPAOLO	4.7%

## ESG main indicators

■ Axiom European Banks Equity

■ Investment Universe

### Key metrics

	AXIOM EUROPEAN BANKS EQUITY		Universe	
	Average	Issuer coverage	Average	Issuer coverage
ACRS	43%	22	41%	57
°C	2.7	22	2.8	58
ESG	56	26	54	204

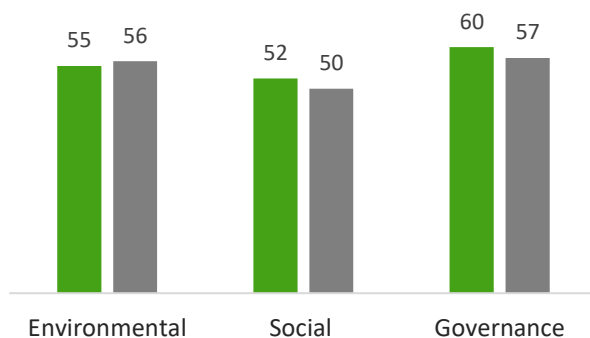
The ACRS, implied temperature (°C) and ESG scores represent 96%, 96% and 96% of the fund's assets respectively (index & derivatives excluded).

### Top 5 holding by ACRS

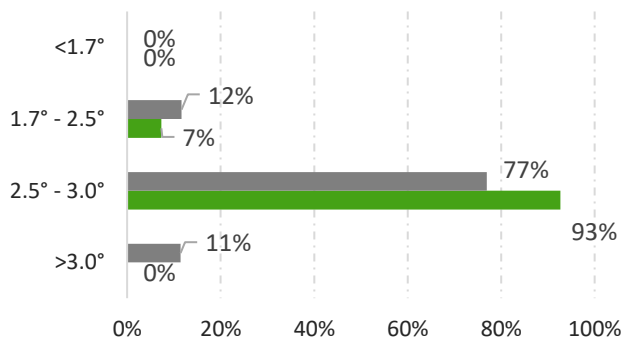
Issuers	CNTY	ACRS	°C	ESG
COMMERZBANK AG	DE	53%	2.7	54
STANDARD CHARTERED PLC	GB	51%	2.9	46
ERSTE GROUP BANK AG	AT	49%	2.5	41
NORDEA BANK ABP	FI	49%	2.4	66
AIB GROUP PLC	IE	49%	2.7	61

These examples do not constitute an investment recommendation.

### ESG by pillars



### Breakdown by Implied Temperature Rise (ITR)<sup>2</sup>



These percentages have been reweighted to 100%.

Internal source Axiom AI | <sup>1</sup> Single names derivatives included. <sup>2</sup> ITR (Implied Temperature Raise): 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.

## Glossary

**Volatility:** the volatility of a security or fund indicates how much the price of that security or fund may vary, up or down, from its average price, over a given period of time.

**Sharpe ratio:** measures the difference in profitability of a portfolio of financial assets (e.g. equities) compared to the rate of return of a risk-free investment (i.e. the risk premium, positive or negative), divided by an indicator of risk, the standard deviation of the profitability of this portfolio, i.e. its volatility. The higher the standard deviation, the greater the risk-adjusted outperformance of the asset.

**Information ratio:** measures the excess return relative to a benchmark divided by the volatility of those excess return.

**Correlation:** the correlation between two financial assets, or more generally between two random variables, is the strength of the link between these two variables. The closer the coefficient is to the extremes, the more the variables are correlated, i.e. linearly dependent on each other.

**Beta:** compares an asset's movements against its benchmark market, which helps determine its risk level relative to other benchmark assets.

## 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.

---

This document is reserved solely for professional investors within the meaning of the European Directive on markets in financial instruments 2014/65/EU. This promotional document is a simplified presentation tool and does not constitute either a subscription offer or investment advice. This document may not be reproduced, distributed or communicated, in whole or in part, without the prior authorization of the management company. Access to the products and services presented may be subject to restrictions for certain persons or countries. The tax treatment depends on the situation of each individual. The DICI must be transmitted to the subscriber prior to each subscription. For complete information on the strategic orientations, the execution policy and all fees, please read the prospectus, the DICI and other regulatory information available on our website [www.axiom-ai.com](http://www.axiom-ai.com) or free of charge on request from the registered office of the management company. Sub-fund of AXIOM LUX, an open-ended investment company with variable capital governed by the laws of The Duchy of Luxemburg and authorized by the financial regulator (the CSSF) as a UCITS.

Some of the UCIs in the Fund may not be marketable in Belgium. We therefore recommend that Belgian clients check with their investment adviser on how to subscribe to the Fund.

The prospectus for Switzerland, the Key Investor Information Document, the semi-annual and annual reports and other information can be obtained free of charge from the Swiss representative and the payment office of the fund : CACEIS (Switzerland) SA, SA, Route de Signy 35, CH-1260 Nyon. The payment service for Switzerland is CACEIS Bank, Montrouge, branch of Nyon/Suisse, Route de Signy 35, CH-1260 Nyon.