



AXIOM LUX

Société d'Investissement à Capital Variable

Audited annual report

as at 31/12/2020

RCS Luxembourg B196052

AXIOM LUX

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Subscriptions can only be received on the basis of the latest prospectus accompanied by the relevant key investor information documents, the Articles of Incorporation of the Company, the latest annual report as well as by the latest semi-annual report, if published after the latest annual report.

AXIOM LUX

Management and Administration

<u>Registered Office</u>	AXIOM LUX Société d'Investissement à Capital Variable 5, allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
<u>Management Company</u>	Axiom Alternative Investments "Société de Gestion de Portefeuille" 39, avenue Pierre 1 ^{er} de Serbie F-75008 Paris France
<u>Depository, Administrative and Domiciliation Agent</u>	CACEIS Bank, Luxembourg Branch 5, allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
<u>Global Distributor</u>	Axiom Alternative Investments "Société de Gestion de Portefeuille" 39, avenue Pierre 1 ^{er} de Serbie F-75008 Paris France
<u>Auditor</u>	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator B.P. 1443 L-1014 Luxembourg Grand Duchy of Luxembourg
<u>Legal Advisor</u>	Arendt & Medernach S.A. 41A, avenue J.F. Kennedy L-2082 Luxembourg Grand Duchy of Luxembourg

Board of Directors

Mrs. Christina Perri, Director International Business Development, Axiom Alternative Investments

Mr. Laurent Surjon, Managing Director, Axiom Alternative Investments

Mr. David Ben Amou, Managing Partner, Axiom Alternative Investments

Mr. Christophe Arnould, Independent Director

Mr. Jean-François Boulier, Independent Director

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**Management and Administration
(continued)**

Board of Managers of the Management Company

Mr. David Ben Amou, Managing partner, Axiom Alternative Investments

Mr. Jérôme Legras, Gérant, Axiom Alternative Investments

Mr. Adrian Paturle, Gérant, Axiom Alternative Investments

Mr. Gregory Raab, Gérant, Axiom Alternative Investments

Mr. Philippe Cazenave, Gérant, Axiom Alternative Investments

Mr. Laurent Surjon, Gérant, Axiom Alternative Investments

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Management Report

AXIOM CONTINGENT CAPITAL

Financial bonds showed strong resilience at the start of the year, ending the month of January up despite the renewed risk aversion of recent weeks. Market concerns about the Coronavirus pandemic and its consequences for global growth had a very limited impact on financial securities, as did the United Kingdom's exit from the European Union.

Banks that have already released their annual results have announced rising capital ratios, perhaps in preparation for more difficult 2020 EBA stress tests. Even Deutsche Bank posted results that should reassure creditors more than shareholders: despite the consecutive decline in its pre-tax earnings, the bank's capital ratio was up +40bps to 13.6%. Capital strengthening, combined with easing regulatory pressure, confirms the upward trend in payout ratios, as observed at the end of 2019 with the shares buybacks of Bawag and Unicredit, or in the dividend policy announced by Santander.

On the regulatory front, for this SREP cycle, the ECB published key messages on business models, governance, NPLs, operational risk and internal capital and liquidity assessments. The overall SREP requirements for CET1 capital remained at the same level as in 2018, at 10.6%.

The primary market reached record levels. The Erste Bank 3.375 EUR issue was 10 times oversubscribed. We are seeing a surprising secondary market upward repricing along with the latest issues announced among which Credit Suisse 5.1 in USD, Phoenix 5.625 in USD, Santander 4.375% in EUR and Banco BPM 6.125% in EUR. On the insurers' side, Phoenix issued a \$750m Restricted Tier 1 (RT1) with a 5.625% coupon in order to finance the acquisition of ReAssure.

The fund participated in the Santander issue, the only one offering an attractive premium over the secondary. The bank took the opportunity to call the old Santander 6.25, the only Additional Tier 1 (AT1) that had not been "called". Today, we estimate that only 5% of the AT1 universe represents an extension risk, so we should see many calls in the coming years at constant market conditions.

The fund continues to take its profits from bonds with lower potential (yield to call below 2%) to focus on bonds with higher potential such as Rabobank 6.5 in EUR (22bps contribution to the monthly performance of the fund) or Caixabank 5,25 (10bps contribution to the monthly performance).

The month of February showed some strong declines driven by concerns about the spread of the coronavirus, Bernie Sander's increased popularity as per the opinion polls and the Brexit negotiations (London has warned on a possible no-deal if no agreement is reached before June). The SubFin index ended the month at 160 bps widening by almost 50bps in the last week.

The Chinese central bank's injection of 160 billion in liquidity therefore did not prevent a significant fall in the markets.

The recessive impact of the epidemic will have a negative effect on banks' profitability. Nevertheless, banks are strongly capitalized: the stress test scenarios used by the regulatory authorities are much more violent than the current impact of the coronavirus crisis estimated by the OECD.

HSBC presented its restructuring plan, declaring in particular its intention to remove its orphan Legacy bonds from the market, which is very positive for bondholders. The bank also announced its intention to call its 5.682% Legacy with a reset at 180. Standard Chartered announced the call of an AT1 with a backend at 489bps. Barclays, on the other hand, did not call its Legacy bond at Libor 0.71%.

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Management Report (continued)

AXIOM CONTINGENT CAPITAL (continued)

In the primary market, ING's issue of a 7 billion AT1 bond was postponed following the departure of its Chief Executive Officer Ralph Hamers who left to succeed Sergio Ermotti as Chief Executive Officer at UBS.

Finally, the consolidation continues in the financial sector with Intesa's offer for UBI and Covea's offer for Partner Re.

Compared to the different asset classes, financial subordinated debt emerged more resistant to the recessive impact of the COVID-19 epidemic. The high capitalization level of the banks is reassuring, as are the stress test scenarios used by the regulatory authorities, which were much more violent than the impact estimated by the OECD in connection with the coronavirus crisis.

The month was divided into two phases. A positive phase with a number of primaries (Unicredit, Deutsche Bank, BNP, Intesa and ING) and the call by Standard Chartered of an AT1 with a backend of 489bps. The fund participated only (and sold part of it) in the BNP primary, which was the only one issued with a prime.

From 20 February, the second phase began with a violent reversal, with the new Unicredit ending the month at 90.

For many months now, the bucket of cash and proxy cash has been important (30%). It is intended to be deployed according to the opportunities that arise.

The highlight of the month of March was the rapid spread of Covid-19, which put most European countries into almost complete lockdown. In response to this unprecedented health crisis, all asset classes fell sharply. After its strong widening during the month (peak at 350 bps, +100% compared to its level at the end of February), the SubFin index ended the month at 255 bps.

The fund approached the current market sell-off with 30% cash and a relatively defensive portfolio (short calls with high backends).

During the decline we selectively bought securities that fell by around 30% deploying part of the cash. Overall, the re-pricing of the asset class represents a very attractive entry point. Indeed, we have seen periods of significant declines in the asset class in the past (2016 and 2018). As the market recovers, these instruments tend to reprice rapidly in terms of yield to call, generating a significant upside for bondholders.

There was a lot of forced selling in the market between March 11th and 18th, as evidenced by the rise in government rates or the fall in gold prices during that week. These came mainly from funds undergoing large redemptions or leveraged funds that needed to find cash to meet increasing margin calls. This extreme market volatility (the VIX went up to 80 compared to 14 mid-February) triggered a strong portfolio turnover. The 5 million sales were concentrated solely on the holding portfolio consisting of banks' bonds with a maturity of less than 2 years. For the 8 million purchases, we favored names with strong rebound potential such as SCOR's RT1 5.25% (entry point at 67) or Santander 4.75% (entry point at 64).

Management Report (continued)

AXIOM CONTINGENT CAPITAL (continued)

Our convictions on the solid positioning of the financial sector were reinforced by the high level of capital and by the exceptional measures made available to the banks, which we detail below :

- capital related: (i) provisional suspension or modification of several capital buffers (conservation buffer, 2G pillar, 2R pillar, countercyclical buffer and systemic buffer) allows to decrease the Common Equity Tier (CET1) requirements by c. 4%;
- (ii) the suspension of dividends and any exceptional distribution by October as requested by the regulators (ECB and PRA) makes it possible to strengthen the CET1 without impacting AT1 coupon payments as specified by the banks and the supervisor (EBA);
- liquidity related: the access conditions to the new TLTRO (medium-term financing with the ECB) have been considerably eased on both the collateral and the lending rate (lowered to -0.75%);
- asset quality related: the rules, in particular on Non Performing Loans (NPL) provisions and IFRS 9 (accounting rules), have been relaxed. The state guarantees (EUR 300 billion for France, EUR 350 billion for Germany, EUR 300 billion for the United Kingdom, etc.) should support banks in rolling over loans.

Lastly, the European Commission has explicitly stated that if, despite all these measures, a bank is in difficulty because of the current crisis and would need public aid, the guidelines on "burden sharing" that may penalize subordinated debt holders will not apply.

In spite of market volatility, issuers have continued buying back their bonds.

- ING announced on March 15, the call of its AT1 6% (USD 1bn) and its legacy tier1 6.125% (USD 700m).
- SEB announced on March 18, the call of its AT1 (EUR 1.1bn)

April was another month of exceptional support measures for the banks helping the economy fight the effects of the pandemic. These translated into a strong rally in subordinated of the fund (+8.21). However, there is still some way to go to fully restore investor confidence and thus the valuations of the beginning of the year.

Our convictions remain unchanged. The banks have never approached a crisis so well capitalized. Their solid positioning was reinforced by the exceptional measures made available on capital, liquidity and asset quality levels. We have already discussed many of these measures in another publication available on our website (<http://axiom-ai.com/web/en/2020/03/25/npe-analysis-3-2-2-2-2/>).

The results season has just started. All-in, the key messages so far were

- higher provisioning;
- almost no impact on asset quality metrics which remain solid;
- CET1 levels generally in line with consensus despite higher RWAs, thanks to the 2019 dividends' omission;
- increased headroom to MDA.
- clear communication on the payment of AT1 coupons, significantly reducing the coupon risk as AT1 coupons have priority over dividends and bonuses

We found a wide disparity in the approaches taken. We will therefore have to wait for the results of the second half of the year to assess the trend. In this period of uncertainty, we are deploying subscriptions to the fund through purchases of AT1 legacy securities such as certain Crédit Agricole, UniCredit or Société Générale. Indeed, we believe that these securities will resist better than the whole universe because the decision to call will not only be economic but also regulatory.

Management Report (continued)

AXIOM CONTINGENT CAPITAL (continued)

Finally, issuers have continued buying back their bonds seeking the necessary preliminary approval by the regulators.

- Julius Baer announced on the 4th of May the call of its CHF 350m 4.25% AT1s
- Rabobank announced on the 30th of April the call of its 5.5% AT1 (expected after the February issue at 3.25%)

The month of May was marked by the easing of the lock-down in many European countries, including Italy. The battery of exceptional measures put in place by regulators and governments to prevent the economic shock of the pandemic continued to expand. This resulted in a strong performance of subordinated debt with the SubFin index closing at 180 bps vs. 280 bps at the end of April.

Now that the first quarter earnings season is over, we can see that European banks are showing deteriorating profitability but resilient levels of capital. They will be necessary to approach those of the second quarter, when we will have a clearer trend.

The Bank of England and the ECB have tried to quantify the risk of losses through desktop stress tests and by taking into account public support plans. They believe that the crisis could seriously deteriorate 2020 profits but that for the majority of European banks capital cushions are sufficient especially with the new exceptional measures that regulators continued to announce. Some of these measures are expected to last beyond the crisis. Some of these measures are expected to last beyond the crisis. We can mention in particular the division of Pillar 2 R (the individual capital requirement) by the use from now on of Article 104a, which allows Pillar 2 R to be filled with Tier 2 and AT1 and no longer only with CET1. This measure thus allows a release of CET1 for the banks. The changes made to IFRS 9 are also essential, but it is difficult to predict whether they will be final or transitional.

Finally, despite market volatility, the Bank of Ireland successfully reopened the AT1 market issuing a Eur675m bond with 7.5% coupon. The fund participated because the 792bps spread seems particularly attractive. This bond was issued to refinance the call on the old 7.375 which is scheduled for next June.

The month of June was marked by further easing of lock-down restrictions in most European countries. The battery of exceptional measures put in place by regulators and governments to prevent the economic shock linked to the pandemic continued to play its role of a shock absorber. The SubFin index tightened further closing the month at 166 bps vs. 180 at the end of May and 280 at the end of April. The CoCo Solaxicc index ended the month at +1.5%.

The measures put in place by the central banks, including the TLTRO with its generous pricing which can now reach -1% for institutions that commit to carry out as much financing as pre Covid-19, constitute an important support for the recovery. A topic which is now central as the ECB and the FED seem to rule out the V shaped recovery and caution is taking place in the markets.

In order to prepare for this scenario, the fund remains prudent in its investments by selling the names of the countries that have been hardest affected by the crisis, such as Italy (UniCredit) or Spain (Sabadell, Caixa). In Italy, the merger between Intesa Sanpaolo and UBI has received regulatory approval and is expected to create the fourth largest European bank. The fund invested in UBI's AT1 bond in March to take advantage of tighter spreads at Intesa level.

Finally, the primary market was very active on the CoCo side (AT1 and RT1). We can mention the issues of RBS (1.5 billion dollars at 6%) which refinanced its 7.5% bond with a call in August, Commerzbank (1.25 billion euros at 6.125%), ABN Amro (1 billion euros at 4.375%), Nationwide (750 million pounds sterling at 5.75%) and Legal& General (500 million pounds sterling at 5.625%). Premiums were attractive, so the fund participated in all these issues except RBS (defensive approach in case of potential Brexit impact).

Management Report (continued)

AXIOM CONTINGENT CAPITAL (continued)

The month of July was marked by the return of quasi lock-down in different parts of the United States, where COVID 19 is rising sharply, and by the increasing Sino-US tensions, which led to consulates closures. The battery of exceptional measures put in place by regulators and governments to deal with the pandemic continued to reassure the markets, most recently with the difficult agreement between countries on the ERF (European Recovery Fund), a fund of 750 billion, including 390 billion in subsidies, which is now awaiting ratification by the European Parliament. Against this backdrop, SubFin continued to tighten, closing the month at 152bps, more than 130 bps tighter than its 280bps level at the end of April.

Despite the increased provisions recorded in Q2 2020, European banks surprised on the upside with their CET1 publications. NatWest (ex-RBS) continued to make provisions for risks of "economic uncertainty" (+GBP 2.1bn in provisions) and reported a CET1 up to 17.2%. Barclays, UBS and Deutsche Bank also maintained comfortable levels of 14.2% 13.3% and 12.8% respectively. The revenue trajectories diverge among universal banks, the sharp drop in retail banking revenues was partially counterbalanced by the rebound in market activities. BNP Paribas posted an exceptional performance in the bond market which beat most of the major Wall Street banks after having issued a profit warning in the first quarter.

On the consolidation side, UBI's shareholders finally approved the acquisition by Intesa Sanpaolo. The fund had bought a position in UBI to take advantage of tightening spreads, this strategy is now complete and the position was sold in July.

Finally, the Cocos' (AT1 and RT1) primary market remained active on the back of the good banking results. We can mention the issues of UBS (USD 750 million at 5.125%), RBI (EUR 500 million at 6%), Commerzbank (EUR 1,250 million at 6.125%), BBVA (EUR 1 billion at 6%) and Rabobank (EUR 1 billion at 4.375%). The fund participated in all of these issues in order to take advantage of the attractive premia while selling the old positions on that same bonds to maintain a cautious stance.

The month of August was again marked by an increase in the number of cases of COVID 19 in various countries. The only notable macro event was Powell's speech at Jackson Hole where he revealed a more flexible strategy to meet the Fed's inflation and employment goals. In this context, SubFin continued to tighten, closing the month at 129 bps, more than 150 bps tighter than its level at the end of April.

Overall the latest earnings publications confirmed the key trends that were observed in July : significantly better than expected capital ratios (lower RWAs, forbearance and concessions on delays), no or limited increase in NPL ratios, lower retail fees and NII but excellent investment banking revenues, as well as expectations for lower depreciations in the second quarter overall but with a high discrepancy in levels of front-loading. A few initial data points tend to show that ultimate default rates for loans under moratoria should be between a few percentage points for core countries up to over 20% for the riskiest jurisdictions (e.g. Greece), with high dispersion within countries.

The fund was positioned to navigate in a volatile summer. Finally, and despite the news making a quick exit from the health crisis unlikely, the last two months have been calm with a strong decrease of the fund's volatility.

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Management Report (continued)

AXIOM CONTINGENT CAPITAL (continued)

In order to preserve its cash, the fund did not participate in any new issuance in August. Indeed, the primary market remained active on CoCo (AT1 and RT1) supported by good quarterly results. We can mention the issuance of Barclays (USD 1.5 billion at 6.125%), Intesa Sanpaolo in two tranches (EUR 750 million at 5.875% and EUR 750 million at 5.5%) and Credit Suisse (USD 1.5 billion at 5.25%). The fund did not participate in any of these issuances to preserve its cash.

Despite a month of September full of adverse geopolitical events: the still moving forward Covid-19 outbreak, the U.S presidential election and Brussels' ultimatum imposed on the U.K regarding Brexit, financial securities held out quite well. The SubFin index has widened slightly (+9bps), reaching 138 bps, after 5 consecutive months of tightening.

Another important speech by Jerome Powel, who after having revealed a more flexible strategy to meet the Fed's inflation and employment goals in August, announced that the FED wouldn't raise its rates until 2023, at least. This is another decision reasserting the FOMC's willingness to see inflation exceed the 2% first and foremost. In Europe, the new tranche of €175 billion TLTRO was actioned by the BCE on the 24th of September.

Nothing more regarding the suspicious activity reports (SARs), filled out by banks on a regular basis, at the behest of the FinCEN (Financial Crimes Enforcement Network) in the U.S. The market overreacted in September following the press resurgence of an old flow of information (2011-2016) already sanctioned, which triggered a significant sell-off flow.

In October, after a new round of lock-downs for several European countries, endless Brexit negotiations, and uncertainty about the presidential election in the United States, the SubFin index widened by +10 bps reaching 154 bps. Financial debt continued to hold up well, on the back of a set of solid quarterly results that beat expectations. This end of year made of uncertainty in a market that will become less liquid made us add a protection position on Itraxx Senior to reach 15% of the fund.

Most of the quarterly results exceeded expectations mainly due to lower than expected provisions, rising capital ratios and lower than expected RWAs. Based on their good fundamentals, several issuers such as Santander and Erste announced their intention to pay dividends for 2019. Indeed, Rabobank will pay a distribution of additional certificates equal to approximately €1.625 per certificate to compensate investors for the four missed quarterly distributions. This news, which we were expecting, was positive for the fund, as this is our largest position (4%). These announcements remain conditional on the authorization of the ECB, which is expected to rule in December for the entire sector.

Finally, the primary market saw the first RT1 issued in Italy by UnipolSai (EUR 500 million at 6.375%). At the beginning of the month, Caixa Bank (EUR 750 million at 5.875%), Nykredit (EUR 500 million at 4.125%), Credit Agricole (EUR 750 million at 4%) and Quintet Private Bank Europe SA (EUR 125 million at 7.5%) issued on the market. The fund took part in the issue of UnipolSai and Quintet because the premiums seemed generous to us. It should also be noted that German insurers now have the green light to issue RT1s, and this market should grow in the coming months.

Financial stocks performed strongly in November, driven by announcements of effective and readily available vaccines and the results of the U.S. elections. In the UK, the departure of Dominic Cummings, one of the government's toughest Brexiters, heralds a close agreement. The SubFin tightened by 50 bps, ending at 113bps, marking a record one-month change.

Management Report (continued)

AXIOM CONTINGENT CAPITAL (continued)

The rally was also supported by new adjustments to state aid plans and the anticipation of new support measures by the ECB expected on the 10th of December, notably for the banking sector.

The excellent results of banks in the third quarter also came as a positive surprise. Asset quality was stable, profits exceeded expectations by more than 30% and capital ratios reached record levels with more than 15% of average CET1. We believe that the positive news on the roll-out of vaccines will lead to a gradual resumption of dividend distribution in 2021. The ECB will decide in December on the lifting of its ban, which would be a real catalyst for the financial sector.

The fund holds a significant position on the Rabobank 6.5 certificate (4%). This bond did not pay a coupon in 2020 to comply with the ECB opinion (Rabobank being a cooperative bank, these certificates have a "hard" capital type status). To circumvent this problem, Rabobank has confirmed the payment of its coupons in the form of a script (i.e. via the distribution of new certificates). This development is very positive (+15pts since the first press releases) because these new certificates will bear interest in the future. This shows that the flexibility offered by the certificates compared to traditional AT1s will be used constructively by Rabobank to protect the holders (choosing the only way for Rabobank to distribute the excess capital). The return is still close to 5%, whereas Rabobank's classic AT1s offer 2 and 3% returns, which confirms the potential for appreciation.

Finally, the primary market saw the first RT1 issued in Germany by Allianz (two issues of 1.250 million at 2.625% in EUR and 3.5% in USD) and in AT1 format we saw Société Générale (USD 1500 million at 5.375%), Erste Bank (EUR 750 million at 4.250%) and Permanent TSB (EUR 125 million at 7.875%).

Financial stocks ended December on a high note, posting solid performance, driven mainly by the Brexit agreement concluded in the last days of the year. This agreement still seemed a long way off at the beginning of December when the lack of significant progress, coupled with the status quo in the negotiations on the US stimulus plan, did not encourage major risk taking. The indices tightened very slightly over the month (SubFin from 113bps to 111bps), the main movement being on the cash side.

The rally was also supported by the gradual resumption of dividend distributions announced by the ECB and the PRA. The UK regulator decided to allow for prudent distributions in 2021, with dividends not exceeding the maximum of 20bps of CET1 and 25% of the last 2 years profits (2019 and 2020). The ECB was more cautious and limited dividends to the minimum of 20bps of CET1 and 25% of the last 2 years profits. The fund took advantage of this announcement to sell its dividend future realizing a gain of 0.50% of the net asset value of the fund.

Overall, capital markets activity ended 4Q on solid footing for most banks with revenues of this division still running ahead of consensus suggesting potential for upward revisions of Q4 EPS. This positive earnings trend is consistent with the continued reduction in the stock of non-performing loans. Examples include those of Sabadell, UniCredit, and Banco BMP in December.

Consolidation and cost reduction also continue in the financial sector. The merger of Unicaja and Liberbank in Spain has been formalized and should create the number 5 in the national banking sector once regulatory approvals are obtained. Political pressure is also mounting in Italy for Monte Dei Paschi to be acquired by UniCredit.

AXIOM LUX

Management Report (continued)

AXIOM EQUITY

January : Financial stocks have been affected by the renewed risk aversion of recent weeks. The falling interest rates (German 10-year bond at -0.44%) weighed more heavily on banking stocks. Market concerns about the Coronavirus epidemic and its consequences for global growth had a much more limited impact on financial stocks, as did the United Kingdom's exit from the European Union.

The Stoxx 600 Banks Dividend Reinvested (SX7R) ended December at -5.06% versus -1.18% for the Stoxx 600 Net Return (SXXR). At the end of the month, the financial sector was trading with a 38% discount on net profit and a dividend rate of 5.68%.

Banks that have already released their annual results have announced rising capital ratios, perhaps in preparation for more difficult 2020 EBA stress tests. Even Deutsche Bank posted results that should reassure creditors: despite the consecutive decline in its pre-tax earnings, the bank's capital ratio was up +40bps to 13.6%. Capital strengthening, combined with easing regulatory pressure, confirms the upward trend in payout ratios, as observed at the end of 2019 with the shares buybacks of Bawag and Unicredit, or in the dividend policy announced by Santander.

On the regulatory front, for this SREP cycle, the ECB published key messages on business models, governance, NPLs, operational risk and internal capital and liquidity assessments. The overall SREP requirements for CET1 capital remained at the same level as in 2018, at 10.6%.

The main positive contributors this month were Natixis, Credit Agricole and Scor. The main negative contributors were Wirecard, BNP and Banco de Sabadell.

Axiom European Banks Equity ended January with a performance of -6.22%.

February : Time to breathe a sigh of relief as we crawl towards the finishing line of FY results and the Autono-analytics team have pulled together the final Earnings Chart pack (file available on request - technical problems linking it - hence late daily!!). As we highlighted in a sales note last week (click [here](#)) it's actually been a decent earnings season for the banks. Over 2/3 of the banks reporting beat Autonomous' and consensus' expectations, but the average pre-tax profit beat has fallen through the earnings season but still +6%. Furthermore, the average EPS upgrades for 2020 and 2021 has settled at (drum roll) about 0, but hey, it makes a change from downgrades. In terms of EPS momentum, the French banks stay in pole position with +2-3% upgrades at BNP + SocGen while Commerz and Sabadell take the wooden spoon with -18% and -12% downgrades respectively. Stronger than expected capital has clearly emerged as the key dynamic theme for the quarter and slide 6 shows there has been an average +30bps beat on CET1 vs. our expectations, with the only disappointment coming from ING. Slide 7 overlays share price reaction and continues to show Deutsche (UP), now accompanied by Commerz (N) as vulnerable to de-rating (when comparing the share price moves to earnings revisions). Through this same lens the names we would pick out from slide 9 (comparing our EPS revisions vs consensus) would be BNP (FOP) and SEB (OP) both sitting in the sweet spot when it comes to earnings momentum. Overall while the signals from this pack are less constructive than ones emitted from the pack at the half way stage the fact that revisions have stabilized and management are more relaxed on capital return is clearly positive for sentiment."

March 2020 was the worst month on record for European bank equities, with the SX7R index falling by a whopping 29.44% vs. 14.51% for the SXXR. The sector relative P/E discount now stands above 50%.

Management Report (continued)

AXIOM EQUITY (continued)

Investors are rightfully concerned about the sustainability of dividends as defaults, credit migrations, drawn credit lines and tighter regulatory scrutiny lead to lower earnings and increased capital requirements. On the positive side, accounting and regulatory forbearance measures, along with massive public guarantees on corporate loans, have significantly reduced the risk of resolution for the sector and we believe shareholders are unlikely to see any dilution. However, we are not calling for a bottom in bank equities. We believe they are attractive compared to the broader market. There is still considerable priced-in optimism with regards to the duration and intensity of containment measures, and whether the fiscal and monetary responses will be successful in preventing not only defaults in the short-term, but also further credit deterioration and deleveraging in the aftermath of the Covid-19 crisis.

We positioned the portfolio for a U-shaped recovery, picking names offering the best risk-reward in this scenario. Over the month we have sold UK banks, have added in the Netherlands and Ireland, and bought diversified national champions in France, Switzerland and Southern Europe. We also increased the share of insurers, which should benefit from limited exposure to the riskiest segments of the economy as well as strong underwriting results in personal lines.

Axiom European Banks Equity ends March at -21.47% vs. -29.44% for the SX7R.

European bank equities experienced severe swings in April with the SX7R index oscillating between 80 and 95. Valuations moved with changing expectations on both short-term capital trajectories and longer-term profitability levels. The more immediate risk of dilution mostly will be determined by the sustainability of operational margins, the level of provisions and the evolution of risk-weighted assets (RWAs). Post-Covid ROEs will reflect the attitude of regulators with regards to national and cross-border consolidation as well as the overall leverage and interest margins in the economy.

Q1 results did not provide any actionable insight into provisions as there were very few defaults in the first three months and banks used highly heterogeneous assumptions to frontload future losses. Overall, the adage “banks take the provisions they can afford” proved correct. The universal bank model turned out beneficial for BNPP, UniCredit and Barclays, while Société Générale posted a loss on its trading business. Asset management and insurance revenues were resilient.

Moving to public policies, the ECB announced another wave of TLTROs as well as a new PELTROs programme, securing the availability of cheap long-term funding for banks. This adds to the series of monetary and fiscal support mechanisms (government guarantees on loans, lower required buffers, transitional accounting measures, deferral of Basel 4 and other frameworks, etc.) that greatly reduce the risks of liquidity and capital breaches.

We believe the sector offers attractive opportunities, especially in names where the risk of resolution is overpriced. Well-capitalised, diversified and fee-based businesses will likely come out of the crisis stronger. Insurers with low asset risk and exposure to controversial business interruption or workers compensation policies will weather the storm with limited impact on earnings. With still low visibility and, in our view, optimistic assumptions about the pace and extent of the reopening of western economies, tactical trading and portfolio differentiation are more important than ever.

Axiom European Banks Equity ended the month with a performance of +6.62% versus 1.24% for the SX7R.

Management Report (continued)

AXIOM EQUITY (continued)

European bank equities traded essentially flat in May, with the index (SX7R) returning -0.25% vs. +3.50% for the broader market. There was some compression between core and peripheral banks as the EC presented a proposal for a €750bn recovery fund to be financed at EU level. The revival of geopolitical tensions between China and the US put a brake on the positive momentum that we saw in the second half of the month.

The latest Q1 results followed the trend that we observed in April: beats on net interest income, fees and costs in line, impairments all over the place with little consistency, and misses on capital. Overall, banks took the Covid-19 provisions they could afford, depending on their operating profitability and whether they had sustained losses elsewhere. Among hard losses, there were some severe specific provisions unrelated to Covid-19 due to frauds or exposures to large clients (e.g. ABN, SocGen), as well as costly mishedges in equities at some French banks (e.g. SocGen, BNP). Banks also reported statistics on payment holidays, showing higher moratoria in mortgages and corporates vs. consumer lending and credit cards in aggregate, but with significant dispersion across the board. These figures are hard to interpret as some banks may choose to grant moratoria more actively in order to benefit from higher accounting forbearance. Given the absence of comparability, we prefer to "look through" headline numbers and dig in the details of the books and stress tests.

Elsewhere, the EU Competition Commissioner confirmed that BMPS's plan to transfer NPLs to a public-backed bad bank does not constitute state aid, setting a very bullish precedent for the pace of de-risking in Italy. We start June with an overweight on heavily discounted names, but keeping an eye on the negotiation dynamics at EU level regarding both the recovery package and potential further restrictions on bank dividends.

Axiom European Banks Equity returned -1.25% over the month.

June was yet another highly volatile month for European bank equities. The SX7R index returned a stunning +16% over the first week or so following buoyant US job data but gave back most of its gains as the prospects of a strong recovery became more muted.

As we approach the Q2 reporting season, fundamentals continue to be supportive with headline downside risk capped by moratoria, government guaranteed loans and regulatory forbearance. In another positive signal for banks, the latest TLTRO round take-up amounted to €1.3trn, representing a significant boost to banks' earnings.

On the M&A / restructuring front, Italian financials remain the hotspot with multiple transactions advancing in a positive direction: Intesa/UBI, Generali/Cattolica strategic partnership, Monte's NPL disposal plan and finally Monte/Banco BPM merger talks. The ECB also launched a consultation on consolidation saying it would reduce regulatory impediments to credible merger plans. On the regulatory front, banks will soon be allowed to add back to CET1 own funds a portion of their IT investments, further reducing the risk of capital breaches and dilution.

Dividends remain a debated topic with French banks reportedly lobbying to resume payments in Q3 while the ESRB is advising to wait until Q4 / early 2021.

In June, Axiom European Banks Equity returned 11.0% versus 5.44% for the SX7R index bringing the year to date performance to -21.12% versus -34.27% for the index.

Management Report (continued)

AXIOM EQUITY (continued)

Financials struggled to find a clear direction in a month of conflicting macro news and abstruse earnings reports. The first two weeks of July were marked by an escalating rhetoric between the US and China over Hong Kong as well as renewed Covid-19 outbreaks in various US states. Later in the month, Italian spreads tightened significantly on the back of the EU reaching an historic agreement over a €750bn recovery package financed by joint borrowing. On the regulatory front, the ECB announced an extension of dividend and share buybacks ban from October 1st 2020 to January 1st 2021. The decision was largely expected and stocks showed little immediate reaction. The announcement was followed by the publication of the "Vulnerability Assessment" report, which concluded that European banks were well prepared to weather the current economic slowdown, with potential vulnerabilities in case of a severe second lockdown with no further government and central bank support.

There were also a few notable corporate events, with Intesa securing full control in the takeover battle for UBI, and Aviva, Commerzbank, Lloyds and Societe Generale announcing changes of management. On Commerzbank, activist shareholder Cerberus put further pressure for a review of the Group strategy, leading to the resignation of the CEO. In insurance, Sampo announced they were considering an all-cash offer for the acquisition of British motor insurer Hastings.

Bank earnings were notoriously difficult to interpret with differing assumptions for future loan losses and moratoria clouding the asset quality picture. Optically the quarter was excellent with an average pre-tax beat of around 15%, mostly driven by higher revenues than expected, but this had almost no impact on future earnings expectations as management guidance for the full year was generally more cautious. Nordic and Swiss banks were the clear winners, with the UK and emerging markets exposed banks showing the most severe profit erosions. RBS and Lloyds both booked massive provisions, while Santander took a record loss in 2Q20 of €11bn due to goodwill impairment. BNP printed the biggest beat as it benefited from very strong performance in the investment bank. Capital ratios were somewhat counter-intuitively excellent, with an average increase of +41bps in CET1 ratios (to 14%). This is due to a combination of a higher proportion of government guaranteed loans (which command very low RWAs), regulatory support measures (SME support factor, software intangibles) and the phasing-in of Covid precautionary provisions.

Insurers posted strong results overall, with a few disappointments on dividends. AXA announced it had to scrap its Q4 distributions, while Aviva and L&G pointed to more conservative dividend policies going forward. Personal lines outperformed significantly, while commercial lines and reinsurance were more mixed. On a positive note, most of the provision misses were due to much higher than expected "incurred but not reported" losses, indicating that insurers chose to front load bad news overall.

In July Axiom European Banks Equity returned -1.48% vs. -5.38% for the SX7R index, which brings the year to date performance of the fund to -22.23% versus -37.80% for the index

August was a relatively quiet month with thin volumes. The STOXX banks index returned 6.15% as markets balanced better than expected Q2 results and renewed confidence in central bank support with an uptick in COVID-19 cases and a flattening recovery. The only notable macro event was Powell's speech at Jackson Hole where he revealed a more flexible strategy to meet the Fed's inflation and employment goals.

Management Report (continued)

AXIOM EQUITY (continued)

Overall the latest earnings publications confirmed the key trends that were observed in July : significantly better than expected capital ratios (lower RWAs, forbearance), no or limited increase in NPL ratios, lower retail fees and NII but excellent investment banking revenues, as well as managements guiding for lower impairments in Q2 overall but with a high discrepancy in levels of front-loading. A few initial data points tend to show that ultimate default rates for loans under moratoria should be between a few percentage points for core countries up to over 20% for the riskiest jurisdictions (e.g. Greece), with high dispersion within countries.

At the end of August, banks still appear as the worst performer year-to-date, returning -33.62% vs. -9.30% for the broader STOXX index (and -29.67% for Leisure & Hospitality!). We believe there is a significant disconnect between resilient capital ratios and topline figures on one side and overall valuations on the other: share count risk is very low for most major banks and fees/NII proved more resilient than expected. We also trust there are outsized returns to be captured for those investors who will identify correctly those banks that have front-loaded the most and will be able to quickly return to relatively substantial cash distributions next year.

September was a dismal month for European bank equities: the SX7R returned -12.53% amid concerns surrounding AML headlines, new lockdowns, US stimulus discussions, China's foreign policy and the American election. On the M&A front, Caixabank and Bankia reached an agreement to create the largest Spanish domestic bank, while merger rumours regarding Liberbank/Unicaja, Sabadell/Kutxa/BBVA and CredAg/BAMI gained momentum.

The sell-off brought the SX7P to an intraday all-time low. With Eurozone banks trading at an average P/B below 0.35x, valuations are posing a threat to long-term financial stability and sovereignty. Executives, regulators and legislators alike are increasingly pressured to boost profitability and reassure investors on dilution and dividend risks.

There are strong reasons to believe European banks' profits are reaching a turning point. Regulatory focus on solvency, balance sheet "cleaning" and compliance systems, combined with negative interest rates and pressure on fees from new entrants, have significantly eroded shareholder returns over the last decade. In the next 18 to 24 months, improved returns will come from the forced consolidation of smaller domestic players with high funding costs and asset quality issues, the acceleration of the reduction in the massive excess capacity within branch networks as well as further deposits repricing below 0%. In the longer-term, there is still hope that legislators will build the solution to the problem they created: a EU banking union that would allow for the creation of cross-border investment banking giants with the scale to compete against American banks. Dilution risk remains minimal in the context of all-time high capital ratios, and it seems increasingly likely that regulators will allow for a restart of dividend payments and potentially buybacks in early 2021.

The fund remains geared to institutions that have been the most proactive in provisioning, enjoy revenues that are not too sensitive to activity levels, have credible plans on cost management and with the ability to restart generous dividend payments and buybacks quickly.

In September Axiom European Banks Equity part C returned -11.07% vs. -12.53% for the SX7R, bringing the year-to-date performance to -24.87% for the fund versus -42.26% for the index

Management Report (continued)

AXIOM EQUITY (continued)

In October the SX7P index had to navigate the cross-currents between bleaker macro perspectives and the most substantial quarterly earnings beats in years. Amid rising COVID cases and new government restrictions, banks printed a median PBT beat above 35%, driven by higher revenues, lower costs and positive surprises on loan losses. On top of better profitability, we have also seen RWAs fall more than anticipated, leading to a large increase in CET1 of ~40bps across the sector after capital buffers had already risen by ~110bps in H1. Over the month the index returned +0.68% vs -5.19% for the SXXP.

We believe the sector is well placed to absorb future provisioning costs and we were not surprised to see banks generally improve their guidance after Q3 results. Though some investors were initially concerned that state support mechanisms would not be as strong during the second wave, this has largely proven to be false. In the UK the full furlough scheme has been extended until March. In French and Germany new direct fiscal measures almost offset the expected additional drop in GDP, while further liquidity support has been extended. Retail banking statistics remain puzzling with corporate deposits increasing more than guaranteed loans in some geographies. EBIDTA and leverage metrics of SMEs have deteriorated, but far less than feared. Non-performing loans have continued to go down despite a sharp decline in loans under payment holidays.

On the monetary front, the ECB has signaled that at certain levels ("the macro reversal rate"), lower interest rates start doing more harm than good, while praising TLTROs as highly effective instruments. This confirms a long-term shift in attitude towards banks and, closer to us, suggests a probable announcement of bank-friendly measures in December. In parallel, the BOE extended the scale of its APP by £150bn, more than was expected.

Capital markets activity remained healthy, sustaining the trends that we saw this year. Volumes remain broadly elevated versus last year, with growing dealer inventories. There was also robust activity in investment banking, in particular ECM and DCM.

Dividends remain a hot topic, with a decision from the ECB expected later this year after the new economic scenarios are released in December. Banks have been pushing very hard for a restart of dividends on the basis of robust capital ratios (after provisioning for future distributions) and depressed valuations. Though we do not expect the ECB to lift all restrictions, we believe it will allow for limited payouts in 2021 and, most importantly, set a clearer path for a full restart, which should be supportive for valuations.

On the insurance front, we expect non-life losses related to a second wave to be much lower given expiring coverage and changed policy terms. In the UK, the PRA case has significantly reduced tail risk with regards to business interruption contracts. In continental Europe, insurers have worked hard to sign non-recourse agreements and redraft contracts with their clients. Frequency benefits and firmer pricing in commercial lines and reinsurance should continue to support the sector, while extended QE will protect balance sheets.

Though uncertainty remains as to the success of government support measures and ultimate asset losses, we are very constructive on the back of valuations vs. fundamentals, current earnings momentum and the broader narratives.

In October Axiom European Banks Equity returned +2.06% vs. +0.68% for the SX7P.

Management Report (continued)

AXIOM EQUITY (continued)

Eurozone banks have had several +20% rallies on big macro events over the last decade. On the back of supportive vaccine data and fading political uncertainty in the US, November witnessed a new +30% "reopening rally", on par with the "whatever it takes" rally of 2012 and the reflation trade of 2016/2017. That said, valuations remain supportive from every angle: the relative P/E and P/B ratios, as well as the sector market share in the broader economy, are still at all-time lows.

On the regulatory front, we saw a widening rift between banks and their supervisors over dividends. The amount of supervisory focus on the topic seems out of proportion to what is actually at stake. For the major listed banks, the total amount of 2019 distributions that were cancelled, including share buy-backs, is a mere 35bps of CET1. For 2020 payouts, the consensus forecast in the absence of ban amounts to 28bps only. In the context of an average 14.5%+ CET1 ratio, the ban seems to be actually doing more damage than good. A decision about dividend restrictions is expected by the ECB soon after December 10. We believe a case-by-case approach would be the most convenient and logical way to address the issue.

Provisions remain a hot topic too, as both the ECB and the EBA signaled the lack of consistency between provisioning approaches. In a recent intervention, Andrea Enria indicated that a group of unidentified banks did not properly reassess loan loss expectations considering the pandemic. At this stage it is impossible to say whether any major listed bank belongs to that group, but the intervention highlights the importance to conduct a "look-through" analysis of asset quality. With regards to the overall level of provisioning in the sector, we believe the consensus remains prudent and we are not surprised that regulators are emphasizing the pessimistic scenario. However, any comparison with the US remains unfair and unhelpful coming from the head of the EBA, as crisis default rates are structurally much lower in the EU.

It was also a very active month in terms of corporate action, with BBVA selling its US subsidiary, Credit Agricole making an offer on Credito Valtelinese, RSA being acquired by Intact, and Unicredit CEO having to step down following disagreements with the board over the M&A strategy. The acquisition of Monte seems increasingly likely as the Italian State is readying a series of recapitalisation measures and guarantees to shore-up the struggling lender. The breakdown of merger talks between Sabadell and BBVA over the valuation of its UK subsidiary TSB was disappointing, but negotiations could resume if Sabadell was to find a suitable buyer for TSB. Lastly, a series of investor days highlighted the potential for further cost-cutting in the sector. AIB announced it would reduce its headcount by 15%, while ABN indicated it was targeting 700M€ of cost savings by 2024 (8% of its market cap).

All eyes are now on the ECB, which should make major announcements over TLTRO, tiering and dividends in the coming days.

In November Axiom European Banks Equity returned 34.48% vs. 30.16% for the SX7R, bringing the year-to-date performance to +3.13%, for the fund versus -24.33% for the index.

Financial stocks ended the year on a high note, posting solid performance, driven mainly by the Brexit agreement concluded in the last days of the year. This agreement still seemed a long way off at the beginning of December when the lack of significant progress, coupled with the status quo in the negotiations on the US stimulus plan, did not encourage major risk taking. The indices tightened very slightly over the month (SubFin from 113bps to 111bps), the main movement being on the cash side. The rally was also supported by the gradual resumption of dividend distributions announced by the ECB for 2021 with a limit set at 15% of 2019-20 profits and 20 points of CET1 until September 30.

Management Report (continued)

AXIOM EQUITY (continued)

In the United Kingdom, the PRA decision was similar. Internal stress tests tested the financial soundness of English banks before deciding on distributions. These should not exceed the higher of the following two amounts: 20 bps of RWAs at the end of 2020 or 25% of cumulative earnings over eight quarters covering 2019 and 2020.

Overall, capital markets activity ended 4Q on solid footing for most banks with revenues of this division still running ahead of consensus suggesting potential for upward revisions of Q4 EPS. This positive earnings trend is consistent with the continued reduction in the stock of non-performing loans. Examples include those of Sabadell, UniCredit, and Banco BMP in December.

AXIOM OPTIMAL FIX

Financial bonds showed strong resilience in January, ending the month up despite the renewed risk aversion of recent weeks. Market concerns about the Coronavirus epidemic and its consequences for global growth had a very limited impact on financial securities, as did the United Kingdom's exit from the European Union.

Banks that have already released their annual results have announced rising capital ratios, perhaps in preparation for more difficult 2020 EBA stress tests. Even Deutsche Bank posted results that should reassure creditors: despite the consecutive decline in its pre-tax earnings, the bank's capital ratio was up +40bps to 13.6%. Following the release, the fund strengthened its position on the Deutsche Bank subsidiary Deutsche PostBank's Fixed to Fixed with a 3.75% coupon.

We took advantage of the euphoria in the market to take profits mainly on U.S. pref shares such as Bank of America's 6.45.

The month of February showed some strong declines driven by concerns about the spread of the coronavirus, Bernie Sanders increased popularity as per the opinion polls and the Brexit negotiations (London has warned on a possible no-deal if no agreement is reached before June). The SubFin index ended the month at 160 bps widening by almost 50bps in the last week.

Compared to the different asset classes, financial subordinated debt emerged more resistant to the recessive impact of the COVID-19 epidemic. The high capitalization level of the banks is reassuring, as are the stress test scenarios used by the regulatory authorities, which were much more violent than the impact estimated by the OECD in connection with the coronavirus crisis.

The fund resisted relatively well, thank to the protection purchased on the Senior at the end of January (10% of the portfolio and a positive contribution of 8 bps). On the other hand, the interest rate hedge on the legacy long calls bucket (4% of the portfolio) was penalizing because the prices of these bonds did not react to this rally offering opportunities with spreads reaching above 500bps now (purchase of Lloyds 9.25%, Standard Chartered 7.375% and Aviva 8.875%).

USD Fixed to fixed also suffered, which allowed us to identify attractive entry points. We positioned ourselves on the ING 6.125% bond.

At the beginning of the month we took our profits on some Legacy bonds that had performed well like Everest Re or SunTrust in the United States.

Management Report (continued)

AXIOM OPTIMAL FIX (continued)

For some months now, the bucket invested in short senior bonds (<2 years) in the fund has been increasing due to a lack of opportunities in the market (around 25% of the portfolio today). It will be deployed gradually as buying opportunities arise to capture the entry points offered by the recent market stress.

The highlight of the month of March was the rapid spread of Covid-19, which put most European countries into almost complete lockdown. In response to this unprecedented health crisis, all asset classes fell sharply. After its strong widening during the month (peak at 350 bps, +100% compared to its level at the end of February), the SubFin index ended the month at 255 bps.

There was a lot of forced selling in the market between March 11th and 18th, as evidenced by the rise in government rates or the fall in gold prices during that week. These came mainly from funds undergoing large redemptions or leveraged funds that needed to find cash to meet increasing margin calls. This extreme market volatility (the VIX went up to 80 compared to 14 mid-February) triggered portfolio turnover. The 48 million of sales made were concentrated solely in the cash plus bucket of the portfolio consisting of banks' bonds with a maturity of less than 2 years. The 55 million in purchases were made in favor of names which suffered from the forced selling like the Allianz 5.5% Fixed to Fixed at 93 or the 12% Lloyds Legacy at par.

Our convictions on the solid positioning of the financial sector were reinforced by the high level of capital and by the exceptional measures made available to the banks, which we detail below:

- capital related: (i) provisional suspension or modification of several capital buffers (conservation buffer, 2G pillar, 2R pillar, countercyclical buffer and systemic buffer) allows to decrease the CET1 requirements by c. 4%;
(ii) the suspension of dividends and any exceptional distribution by October as requested by the regulators (ECB and PRA) makes it possible to strengthen the CET1 without impacting AT1 coupon payments as specified by the banks and the supervisor (EBA);
- liquidity related: the access conditions to the new TLTRO (medium-term financing with the ECB) have been considerably eased on both the collateral and the lending rate (lowered to -0.75%);
- asset quality related: the rules, in particular on NPL provisions and IFRS 9 (accounting rules), have been relaxed. The state guarantees (EUR 300 billion for France, EUR 350 billion for Germany, EUR 300 billion for the United Kingdom, etc.) should support banks in rolling over loans.

Lastly, the European Commission has explicitly stated that if, despite all these measures, a bank is in difficulty because of the current crisis and would need public aid, the guidelines on "burden sharing" that may penalize subordinated debt holders will not apply.

In spite of market volatility, issuers have continued buying back their bonds.

- ING announced on March 15, the call of its AT1 6% (USD 1bn) and its legacy tier1 6.125% (USD 700m).
- SEB announced on March 18, the call of its AT1 (EUR 1.1bn)
- Lloyds announced on March 31 a tender offer at 109% on its legacy tier1, at 12% in USD
- Crédit Agricole announced on April 2, a tender offer on two of its Legacy Tier 1 bonds, their 6.637% and their CMS
- Vivat announced on April 2, a tender offer on a senior bond, their 2.375% with a maturity date in 2024

Management Report (continued)

AXIOM OPTIMAL FIX (continued)

Finally, the primary market quickly reopened. Issuance in the banking sector increased towards the end at least, confirming a normalisation of conditions. Credit Suisse issued USD 3 billion of senior debt maturing in 2031 with a 4.194% coupon. Several UK banks also came to refinance: Lloyds EUR 1.5 billion senior 3.5% 2026, HSBC USD 2.5 billion senior 4.95% 2030, RBS EUR 1 billion senior 2.75% 2025, Barclays EUR 2 billion senior 3.375% 2025 and Standard Chartered USD 2 billion senior 4.644% 2031. The fund participated in all these issues, senior non preferred banking spreads being now at B high-yield levels seen in mid-February.

April was another month of exceptional support measures for the banks helping the economy fight the effects of the pandemic. These translated into a strong rally in subordinated of the fund (+8.21). However, there is still some way to go to fully restore investor confidence and thus the valuations of the beginning of the year.

Our convictions remain unchanged. The banks have never approached a crisis so well capitalized. Their solid positioning was reinforced by the exceptional measures made available on capital, liquidity and asset quality levels. We have already discussed many of these measures in another publication available on our website (<http://axiom-ai.com/web/en/2020/03/25/npe-analysis-3-2-2-2-2/>).

The results season has just started. All-in, the key messages so far were

- higher provisioning;
- almost no impact on asset quality metrics which remain solid;
- CET1 levels generally in line with consensus despite higher RWAs, thanks to the 2019 dividends' omission;
- increased headroom to MDA.
- clear communication on the payment of AT1 coupons, significantly reducing the coupon risk as AT1 coupons have priority over dividends and bonuses

We found a wide disparity in the approaches taken. We will therefore have to wait for the results of the second half of the year to assess the trend.

In the meantime, we are selling some bonds that have returned to pre-crisis valuations in order to increase the cash position (currently 15% with a target of 20%) to regain flexibility if volatility returns during the summer.

Finally, it should be noted that the historic drop in US interest rates has reduced the cost of the dollar hedge from 2.70% to 0.70%. With a 30% dollar exposure, the fund mechanically gained 0.60% in performance on an annual basis.

The month of May was marked by the easing of the lock-down in many European countries, including Italy. The battery of exceptional measures put in place by regulators and governments to prevent the economic shock of the pandemic continued to expand. This resulted in a strong performance of subordinated debt with the SubFin index closing at 180 bps vs. 280 bps at the end of April.

Now that the first quarter earnings season is over we can see that European banks are showing deteriorating profitability but resilient levels of capital. They will be necessary to approach those of the second quarter, when we will have a clearer trend.

Management Report (continued)

AXIOM OPTIMAL FIX (continued)

The Bank of England and the ECB have tried to quantify the risk of losses through desktop stress tests and by taking into account public support plans. They believe that the crisis could seriously deteriorate 2020 profits but that for the majority of European banks capital cushions are sufficient. Liquidity is not a cause for concern in the current environment. Despite strong corporate demand for loans, banks continue to face excess liquidity, to the extent that we saw several banks calling their senior bonds on in May.

Even if our convictions remain strong on the banking sector in relation to the corporate (exposure reduced to 1%), we believe that the rally has been too important in view of GDP and unemployment expectations. We have therefore reduced all the pockets in the portfolio except Fixed to Fixed, which are still trading at a slight discount (99.60).

Portfolio turnover is now close to 100%, a historical level, in an attempt to be as flexible as possible in a difficult environment.

The month of June was marked by further easing of lock-down restrictions in most European countries. The battery of exceptional measures put in place by regulators and governments to prevent the economic shock linked to the pandemic continued to play its role of a shock absorber. The SubFin index tightened further closing the month at 166 bps vs. 180 at the end of May and 280 at the end of April. The CoCo Solaxicc index ended the month at +1.5%.

The measures put in place by the central banks, including the TLTRO with its generous pricing which can now reach -1% for institutions that commit to carry out as much financing as pre Covid-19, constitute an important support for the recovery. A topic which is now central as the ECB and the FED seem to rule out the V shaped recovery and caution is taking place in the markets.

In order to prepare for this scenario the fund remains prudent in its investments by continuing to strengthen the pocket of fixed to fixed of insurance companies such as Axa and Allianz and by selling acquisitions made during the selloff in March such as Commerzbank 8.151% with a long call or Sabadell Tier 2 with a 2% coupon and a maturity in 2030.

The Brexit negotiations have moved into the background since the health crisis, but discussions are not moving forward, with disagreements on the regulatory equivalence of financial services seeming to contribute to the delay. This is a cause for concern for the end of the year, especially since the risk premium is now very low. We are gradually reducing the fund's exposure to the UK, from 21.70% at the beginning of the year to 14.60% today.

Despite its prudent profile, the fund returned +0.77% in June, driven by Fixed to Fixed such as Lloyds and Helaba.

The month of July was marked by the return of quasi lock-down in different parts of the United States, where COVID 19 is rising sharply, and by the increasing Sino-US tensions, which led to consulates closures. The battery of exceptional measures put in place by regulators and governments to deal with the pandemic continued to reassure the markets, most recently with the difficult agreement between countries on the ERF (European Recovery Fund), a fund of 750 billion, including 390 billion in subsidies, which is now awaiting ratification by the European Parliament. Against this backdrop, SubFin continued to tighten, closing the month at 152bps, more than 130 bps tighter than its 280bps level at the end of April.

Management Report (continued)

AXIOM OPTIMAL FIX (continued)

Despite the increased provisions recorded in Q2 2020, European banks surprised on the upside with their CET1 publications. NatWest (ex-RBS) continued to make provisions for risks of "economic uncertainty" (+GBP 2.1bn in provisions) and reported a CET1 up to 17.2%. Barclays, UBS and Deutsche Bank also maintained comfortable levels of 14.2% 13.3% and 12.8% respectively. The revenue trajectories diverge among universal banks, the sharp drop in retail banking revenues was partially counterbalanced by the rebound in market activities. BNP Paribas posted an exceptional performance in the bond market which beat most of the major Wall Street banks after having issued a profit warning in the first quarter.

All the measures put in place to support the economy have allowed a partial decorrelation between the slowdown in activity and the encouraging quarterly results. These measures will be gradually lifted and we will see the real state of the economy at that time. We are therefore being prudent, reducing the beta of the portfolio. We have unwound a subfin s27 sale made in March and sold two Tier 2 bonds issued by Deutsche Bank and Direct Line Insurance.

The month of August was again marked by an increase in the number of cases of COVID 19 in various countries. The only notable macro event was Powell's speech at Jackson Hole where he revealed a more flexible strategy to meet the Feds inflation and employment goals. In this context, SubFin continued to tighten, closing the month at 129 bps, more than 150 bps tighter than its level at the end of April.

Overall the latest earnings publications confirmed the key trends that were observed in July : significantly better than expected capital ratios (lower RWAs, forbearance and concessions on delays), no or limited increase in NPL ratios, lower retail fees and NII but excellent investment banking revenues, as well as expectations for lower depreciations in the second quarter overall but with a high discrepancy in levels of front-loading. A few initial data points tend to show that ultimate default rates for loans under moratoria should be between a few percentage points for core countries up to over 20% for the riskiest jurisdictions (e.g. Greece), with high dispersion within countries.

The fund was positioned to navigate in a volatile summer. Finally, and despite the news making a quick exit from the health crisis unlikely, the last two months have been calm with the fund's volatility returning to pre-crisis levels of around 0.80% over 60 days.

The conservative approach did not prevent the fund from performing well capturing the carry of its fixed to fixed pocket. The NAV now exceeds the highs reached at the end of February. The fund was therefore able to take advantage of March and April's volatility to create value. Its current positioning should allow it to exploit volatility should a new sell off phase emerges.

Despite September being full of adverse geopolitical events, financial securities held out quite well: the developing Covid-19 outbreak, the U.S presidential election, Brussels' ultimatum imposed on the U.K regarding Brexit. The SubFin index has widened slightly (+9bps), reaching 138 bps, after 5 consecutive months of tightening.

Italian Senior preferred bonds were replaced in the new series 24 of the Itraxx Senior Fin with non-preferred seniors. At this level of spreads (75 bps), the fund bought 9% protection. Indeed, this is an inexpensive instrument protecting against volatility spikes.

Management Report (continued)

AXIOM OPTIMAL FIX (continued)

Another important speech by Jerome Powel, who after having revealed a more flexible strategy to meet the Fed's inflation and employment goals in August, announced that the FED wouldn't raise its rates until 2023, at least. This is another decision reasserting the FOMC's willingness to see inflation exceed the 2% first and foremost. In Europe, the new tranche of €175 billion TLTRO was actioned by the BCE on the 24th of September.

Nothing more regarding the suspicious activity reports (SARs), filled out by banks on a regular basis, at the behest of the FinCEN (Financial Crimes Enforcement Network) in the U.S. The market overreacted in September following the press resurgence of an old flow of information (2011-2016) already flagged, which triggered a significant sell-off.

Finally, issuers continue calling their regulatory securities which are no longer eligible as capital or no longer economically viable. The tender announced by NatWest (ex-RBS) on its two bonds RBS 7.648 and RBS 6.425 with long call dates, was well received by bond holders with respectively 83% and 64% success. The fund has increased its legacy allocation focusing on SPVs (DZ Bank, RBI, Bank Austria) in anticipation of more liability management on these instruments as the end of the transition period approaches.

In October, after a new round of lock-downs for several European countries, endless Brexit negotiations, and uncertainty about the presidential election in the United States, the SubFin index widened by +10 bps reaching 154 bps. This end of year made of uncertainty in a market that will become less liquid made us strengthen the protection position on Itraxx Senior to reach 20% of the fund.

On the positive side, financial stocks continued to resist well, on the back of strong quarterly results. The majority of the quarterly results exceeded expectations mainly due to lower than expected provisions, rising capital ratios and lower than expected RWAs. Rating agencies have a rather favorable attitude towards the current crisis: S&P has upgraded its outlook on Italy from negative to stable taking into account the support measures in the ECB's plan.

On the regulatory side, the EBA published its long-awaited opinion on Legacy instruments on the 21st of October. The opinion was very clear on the need to clean up the stock of « Legacy bonds » as soon as possible. Depending on the instruments three options were presented to manage the so called "inflection risk " i.e. the risk of the legal and regulatory rankings being completely mixed up which could threaten eligibility:

Option 1: redemption of the bonds when a call date is available or bond buyback;

Option 2: modification of the terms and conditions of the bonds;

Option 3: in exceptional cases, when options 1 and 2 are not available keeping the bonds but without using them as capital or MREL. The general philosophy of the EBA's opinion is clear and should accelerate the number of calls and buybacks but, as always with Legacy bonds, the devil is in the detail and some caveats apply. We have published our analysis on that matter, available hereafter <https://mailchi.mp/axiom-ai.com/flash-axiom>.

Management Report (continued)

AXIOM OPTIMAL FIX (continued)

Finally, issuers continue calling their regulatory securities which are no longer eligible as capital or no longer economically viable. Santander announced the call of its USD prefs with a floor whose coupon non payment mechanism could have been an obstacle to the resumption of dividend payments. We have a small position in the fund. Rabobank announced a buyback offer on its 6.91% bond callable in 2038. In anticipation, the fund has strengthened its position on these Legacy bonds by focusing on SPVs outside the EU such as RBI and DZ Bank.

Financial stocks performed strongly in November, driven by announcements of effective and readily available vaccines and the results of the U.S. elections. In the UK, the departure of Dominic Cummings, one of the government's toughest Brexiters, heralds a close agreement. The SubFin tightened by 50 bps, ending at 113bps, marking a record one-month change.

The rally was also supported by new adjustments to state aid plans and the anticipation of new support measures by the ECB expected on the 10th of December, notably for the banking sector.

The excellent results of the banks in the third quarter also came as a positive surprise. Asset quality was stable, profits exceeded expectations by more than 30% and capital ratios reached record levels with more than 15% of average CET1. We believe that the positive news on the roll-out of vaccines will lead to a gradual resumption of dividend distribution in 2021. The ECB will decide in December on the lifting of its ban, which would be a real catalyst for the financial sector.

In that rallye, the fund sold some of its best performing positions such as the BP hybrid or the Tier 2 of Sabadell to reinvest in securities with less beta such as the 3.75% fixed to fixed by Axa or the Deutsche PostBank. The aim is to continue to reduce the fund's exposure to the market without destroying the carry.

On the regulatory side, the PRA published on November 16th its CFO Letter (a letter to the CFOs of English banks) which takes up the EBA's recommendations of October 21st on the need to clean up the stock of "Legacy" instruments as soon as possible. This publication, from a direct supervisor, has had a positive impact on the universe of UK discounted or "disco" bonds. And on the same day, Lloyds announced an exchange offer with a premium of almost 6 points on three legacy "long calls" bonds with step-ups (7.281%, 7.881% and 13%). The fund took advantage of these news to sell its positions on Lloyds 13 (at 181.76) and on Standard Chartered (at \$151+) whose price appreciated strongly (+8 pts over one month) on the back of the announcements.

Financial stocks ended December on a high note, posting solid performance, driven mainly by the Brexit agreement concluded in the last days of the year. This agreement still seemed a long way off at the beginning of December when the lack of significant progress, coupled with the status quo in the negotiations on the US stimulus plan, did not encourage major risk taking. The indices tightened very slightly over the month (SubFin from 113bps to 111bps), the main movement being on the cash side. The fund thus reached its highest NAV level for the year at the end of December, once again demonstrating its resilience in a complicated economic context. Axiom Optimal Fix remains cautiously positioned for the coming months despite the unlimited support of governments and central banks.

To protect this positioning, the fund has strengthened its position on fixed to fixed issued by insurers, for 2% of the fund on AXA, Allianz and Zurich Insurance, in order to benefit from the longer transition period (end of 2025 for insurance companies).

Management Report (continued)

AXIOM OBLIGATAIRE

The rally was also supported by the gradual resumption of dividend distributions announced by the ECB for 2021 with a limit set at 15% of 2019-20 profits and 20 points of CET1 until September 30. In the United Kingdom, the PRA decision was similar.

Overall, capital markets activity ended 4Q on solid footing for most banks with revenues of this division still running ahead of consensus suggesting potential for upward revisions of Q4 EPS. This positive earnings trend is consistent with the continued reduction in the stock of non-performing loans. Examples include those of Sabadell, UniCredit, and Banco BMP in December.

On the regulatory side, the transposition of BRRD2 in France does not go in the direction of the issuers and leaves the risk of infection unresolved, which further reinforces the interest in cleaning up the stock of "Legacy" instruments. BBVA announced in mid-December the call at par of three of its legacy securities. These calls at par confirm the interest of issuers to clean their legacy securities' stock in the context of the transition period to Basel 3 which is one of the funds' strategies.

In January, financial bonds showed strong resilience, ending the month up despite the renewed risk aversion of recent weeks. Market concerns about the Coronavirus pandemic and its consequences for global growth had a very limited impact on financial securities, as did the United Kingdom's exit from the European Union.

Banks that have already released their annual results have announced rising capital ratios, perhaps in preparation for more difficult 2020 EBA stress tests. Even Deutsche Bank posted results that should reassure creditors more than shareholders: despite the consecutive decline in its pre-tax earnings, the bank's capital ratio was up +40bps to 13.6%. Capital strengthening, combined with easing regulatory pressure, confirms the upward trend in payout ratios, as observed at the end of 2019 with the shares buybacks of Bawag and Unicredit, or in the dividend policy announced by Santander.

On the regulatory front, for this SREP cycle, the ECB published key messages on business models, governance, NPLs, operational risk and internal capital and liquidity assessments. The overall SREP requirements for CET1 capital remained at the same level as in 2018, at 10.6%.

The primary market reached record levels. The Erste Bank 3.375 EUR issue was 10 times oversubscribed. We are seeing a surprising secondary market upward repricing along with the latest issues announced among which Credit Suisse 5.1 in USD, Phoenix 5.625 in USD, Santander 4.375% in EUR and Banco BPM 6.125% in EUR. On the insurers' side, Phoenix issued a \$750m RT1 with a 5.625% coupon in order to finance the acquisition of ReAssure.

The month of February showed some strong declines driven by concerns about the spread of the coronavirus, Bernie Sander's increased popularity as per the opinion polls and the Brexit negotiations (London has warned on a possible no-deal if no agreement is reached before June). The SubFin index ended the month at 160 bps widening by almost 50bps in the last week.

The Chinese central bank's injection of 160 billion in liquidity therefore did not prevent a significant fall in the markets.

The recessive impact of the epidemic will have a negative effect on banks' profitability. Nevertheless, banks are strongly capitalized: the stress test scenarios used by the regulatory authorities are much more violent than the current impact of the coronavirus crisis estimated by the OECD.

Management Report (continued)

AXIOM OBLIGATAIRE (continued)

HSBC presented its restructuring plan, declaring in particular its intention to remove its orphan Legacy bonds from the market, which is very positive for bondholders. The bank also announced its intention to call its 5.682% Legacy with a reset at 180. Standard Chartered announced the call of an Additional Tier 1 with a backend at 489bps. Barclays, on the other hand, did not call its Legacy bond at Libor 0.71%.

In the primary market, ING's issue of a 7 billion Additional Tier 1 bond was postponed following the departure of its Chief Executive Officer Ralph Hamers who left to succeed Sergio Ermotti as Chief Executive Officer at UBS.

Finally, the consolidation continues in the financial sector with Intesa's offer for UBI and Covea's offer for Partner Re.

A new signature was added to the portfolio with the insurer Achmea. This Dutch company is rated BBB - by Fitch and BB+ by Standard & Poor's.

In view of reducing the duration and the volatility of the portfolio we arbitrated some of our positions on UniCredit.

Profit-taking on AT1 bonds was realised with the Austrian bank Bawag as well as the Spanish bank Santander. We also sold our bond on the Dutch insurer ASR.

The highlight of the month of March was the rapid spread of Covid-19, which put most European countries into almost complete containment. In response to this unprecedented health crisis, all asset classes fell sharply. After its strong widening during the month (peak at 350 bps, +100% compared to its level at the end of February), the SubFin index ended the month at 255 bps.

However, never before had European banks approached a crisis with such high levels of capital well capitalised and the measures announced by the various regulators (SSM, ECB, PRA, etc.) considerably strengthened the capital available to absorb the economic shock:

capital related: (i) provisional suspension or modification of several capital buffers (conservation buffer, 2G pillar, 2R pillar, countercyclical buffer, systemic) allows to decrease the CET1 requirements by c. 4%; (ii) the suspension of dividends and any exceptional distribution by October as requested by the regulators (ECB and PRA) makes it possible to strengthen the CET1 without, however, impacting AT1 coupon payments as specified by the banks and the supervisor (EBA) ;

· liquidity related: the access conditions to the new TLTRO (medium-term financing with the ECB) have been considerably eased on both the collateral and the lending rate (lowered to -0.75%,);

· assets' quality related: the rules, in particular on NPL provisions and IFRS 9 (accounting rules), have been relaxed. The state guarantees (EUR 300 billion for France, EUR 350 billion for Germany, EUR 300 billion for the United Kingdom, etc.) should support banks in rolling over loans.

Lastly, the European Commission has explicitly stated that if, despite all these measures, a bank is in difficulty because of the current crisis and would need public aid, the guidelines on "burden sharing" that may penalize subordinated debt holders, will not apply.

Management Report (continued)

AXIOM OBLIGATAIRE (continued)

In spite of market volatility, the issuers have continued buying back their bonds.

ING announced on March 15, the call of its AT1 6% (USD 1 bn) and its legacy tier1 6.125% (USD 700m)

SEB announced on March 18, the call of its AT1 (EUR 1 .1bn)

Lloyds announced on March 31 a tender offer at 109% on its legacy tier1, at 12% in USD

Crédit Agricole announced on April 2, a tender offer on two of its Legacy Tier 1 bonds, their 6.637% and their CMS

Vivat announced on April 2, a tender offer on a senior bonds, their 2.375% with a maturity date in 2024

Finally, the primary market quickly reopened despite high volatility. Bond market conditions in the banking sector normalized towards the end of the month, as confirmed by the increasing number of issuances. Crédit Suisse issued a USD 3bn of senior debt maturing in 2031 with a 4.194% coupon. Several UK banks also came to refinance: Lloyds EUR 1.5bn senior 3.5% 2026, HSBC USD 2.5bn senior 4.95% 2030, RBS EUR 1bn senior 2.75% 2025, Barclays EUR 2 bn senior 3.375% 2025 and Standard Chartered USD 2bn senior 4.644% 2031.

April was another month of exceptional support measures for the banks helping the economy fight the pandemic. These translated into a strong rally in subordinated debt (+9% for the Solactive Liquid CoCo bonds index). The Italian sovereign debt rating maintained to BBB by S&P and Moody's comments referring to a base case of a severe but transitory economic shock in 2020, was also welcome news for investors.

The Covid 19 crisis and large-scale lockdowns in most western countries have plunged G7 economies into uncharted territories, with consensus GDP deeply negative. It is widely acknowledged that, for banks, this time is different: they are not part of the problem, they are now part of the solution, a catch phrase that even EC Commissioner Dombrovskis has been using. In this context, and on the back of the positive quarterly results the SubFin tightened, ending the month at 218 bps (vs. 255bps at the end of March).

To defend the positioning of the banks as a solution of the crisis, numerous regulatory and supervisory "sweetener" have been offered to banks, all with the same goal: to keep the lending flowing and to allow banks to provide cash for SMEs in this difficult but hopefully short-lived stress.

We have discussed many of the above-mentioned sweeteners in another publication we released on March 25th available on our website (<http://axiom-ai.com/web/en/2020/03/25/npe-analysis-3-2-2-2-2/>). We are only mentioning the latest additions announced on April 28th below that will be the subject of a separate note we are preparing:

Temporary suspension of IFRS 9 impact on CET1;

Acceleration of the partial reintegration of software intangibles to CET1;

Exemption of central bank balances from the leverage ratio.

Our convictions remain unchanged. The banks have never approached a crisis so well capitalized. Their solid positioning was reinforced by the exceptional measures made available on capital, liquidity and asset quality levels. An opinion confirmed by S&P in their recent analysis "How COVID-19 Is Affecting Bank Ratings" (<https://www.spglobal.com/ratings/en/research/articles/200422-how-covid-19-is-affecting-bank-ratings-11446652>). A very limited number of downgrades were taken on banks considered less sensitive to the deterioration in their operating environment when compared to corporates. Almost all the downgrades occurred in jurisdictions in which the oil shock also contributed materially to the weakened operating conditions for banks.

Management Report (continued)

AXIOM OBLIGATAIRE (continued)

Apart from the substantial regulatory and state support, the agency refers to three main reasons explaining the resilience of bank ratings:

- the generally strong capital and liquidity position of banks globally, supported by a material strengthening in bank regulations over the past 10 years;
- the diversification in their loan books, that continue to provide relative revenue stability;
- the strong fundamentals, not artificially tweaked by years of accommodative monetary policy and abundant liquidity, on the opposite of what happened in the corporate sector allowing weaker companies to access the market.

In the insurance sector, Solvency II ratios remain very resistant above 190% despite the market volatility. Business interruption and unemployment insurances constitute the two main sources of risk. Lastly, the generous pricing changes to the ECB TLTRO now at -1% is a welcome substitute for Preferred Senior/OpCo funding but should not impact the decent amount of capital issues expected to further boost MDA headroom and to support leverage.

The banking results season revealed the best quarter for trading performance at global Investment Banks level since Q1 2012. As per Dealogic, Investment Banking revenues were up +8% YoY. The second key driver was loan loss provisions. Despite being asked by regulators to be mindful of not putting through excessive provisions, we have seen a high level of disparity on the approach taken across banks driving some misses versus consensus. All-in, the key messages so far were (i) higher provisioning (ii) almost no impact on asset quality metrics (iii) CET1 levels generally in line with consensus despite higher RWAs and thanks to the 2019 dividends' omission and (iv) increased headroom to MDA.

Finally, issuers have continued buying back their bonds seeking the necessary preliminary approval by the regulators.

- Banco Commercial Portugues announced on May 5th the call of a Legacy Tier 1 despite the low level of coupon (euribor+140bps)
- Julius Baer announced on the 4th of May the call of its CHF 350m 4.25% AT1s
- Rabobank announced on the 30th of April the call of its 5.5% AT1 expected after the February issue at 3.25%
- RBS has announced that it intends to exercise the call on its 8.5% Legacy if market conditions allows to refinance it before head

We continued our purchases by adding four new signatures to the portfolio. A 7% Vivat bond issued by the Dutch insurer was acquired at a price well below par. A senior bond issued by the Intermediate capital group PLC, which fell sharply just after its issue, enabled us to acquire the security at c. 85%.

We participated in the primary market, which was very active during the month, with the launch of Santander Mexico. This is a senior bond with an attractive coupon of 5 3/8% in Dollars. Finally, we invested in the German real estate company Adler, which specialises in the housing sector. There were no sales during the month.

The month of May was marked by the easing of the lock-down in many European countries, including Italy. The battery of exceptional measures put in place by regulators and governments to prevent the economic shock of the pandemic continued to expand. This resulted in a strong performance of subordinated debt with the SubFin index closing at 180 bps vs. 280 bps at the end of April.

Management Report (continued)

AXIOM OBLIGATAIRE (continued)

Now that the first quarter earnings season is over we can see that European banks are showing deteriorating profitability but abundant capital.

Indeed, in contrast to the 2008 crisis, banks and regulators seemed well prepared for the Covid 19 crisis. Regulators continued to announce measures to support the banking sector. Some of these measures are expected to last beyond the crisis. We can mention in particular the division of Pillar 2 R (the individual capital requirement) by the use from now on of Article 104a, which allows Pillar 2 R to be filled with Tier 2 and AT1 and no longer only with CET1. This measure thus allows a release of CET1 for the banks. The changes made to IFRS 9 are also essential, but it is difficult to predict whether they will be final or transitional. Finally, several additional measures are under consideration, including a draft Recovery Fund for investments in Europe and amendments to the CRR reform concerning distributions (dividends and coupons) to be voted on in June.

The Bank of England and the ECB have tried to quantify the risk of losses through desktop stress tests and by taking into account public support plans. They believe that the crisis could seriously deteriorate 2020 profits but that for the majority of European banks capital cushions are sufficient. The solidity of European banks, which are highly capitalised, probably more so than they have ever been, is being reinforced by the exceptional measures put in place. The sharp fall in non-performing loans over the last few years has helped, as it allowed for mostly healthy bank balance sheets before the arrival of the virus. Liquidity is not a cause for concern in the current environment. Despite strong corporate demand for loans, banks continue to face excess liquidity, to the extent that we saw several banks calling their senior bonds on in May.

Finally, despite market volatility, the Bank of Ireland successfully issued an AT1 bond. The secondary market remained very active with many senior debt buybacks. It should be noted that the Intesa/UBI merger is still under negotiation. The Monte dei Paschi restructuring plan was validated, which had a very positive impact on the Tier 2 of peripheral countries.

The month of June was marked by further easing of lock- restrictions in most European countries. The battery of exceptional measures put in place by regulators and governments to prevent the economic shock linked to the pandemic continued to play its role of a shock absorber. The SubFin index tightened further closing the month at 166 bps vs. 180 at the end of May and 280 at the end of April. The CoCo Solaxicc index ended the month at +1.5%.

The measures put in place by the central banks, including the TLTRO with its generous pricing which can now reach -1% for institutions that commit to carry out as much financing as pre Covid-19 , constitute an important support for the recovery. A topic which is now central as the ECB and the FED seem to rule out the V shaped recovery and caution is taking place in the markets. The EBA has published its proposals for capital recognition of software assets. The central proposal is for a prudential depreciation period of two years, which would allow a partial regulatory credit for recent investments. In the UK, stress tests on insurers have not raised any particular concern. Discussions on Brexit are stalled and disagreements on regulatory equivalence of financial services seem to be contributing to the delay. The Bank of England has increased its bond buyback program by £100 billion, raising the total stock of purchases to £745 billion.

Management Report (continued)

AXIOM OBLIGATAIRE (continued)

In Italy, the merger between Intesa Sanpaolo and UBI has been cleared by regulators and should result in the creation of the fourth largest European bank. The Italian insurer Generali acquired slightly more than 24% in Cattolica via a strategic partnership between the two Italian insurers. In Spain, Helvetia Assurances acquired a majority stake of 69.4% in the insurer Caser for a price of 800 million euros, two-thirds of which was financed by the issue of a Tier 2 bond. The ECB also launched a consultation on consolidation saying it would reduce regulatory impediments to credible merger plans. NPL disposals continue in Italy, in an effort to further strengthen banks' balance sheets. 8.5 billion euros in non-performing loans were sold by Monte Paschi with some disposals also being made by Banca Popolare di Sondrio and UniCredit.

Finally, the primary market was very active on the CoCos side (AT1 and RT1). The main issues to mention are RBS (USD 1.5 billion at 6%), Commerzbank (EUR 1.25 billion at 6.125%), ABN Amro (EUR 1 billion at 4.375%), Nationwide (GBP 750 million at 5.75%) and Legal & General (GBP 500 million at 5.625%). Issuers continue to call their ineffective regulatory securities. RBS has confirmed the call of its USD 2 billion AT1 with a 7.5% coupon, expected in August with no surprise given the new issue. UniCredit exercised the call on its Legacy 9 3/8 euro bond.

Some existing positions were strengthened. Very few management companies issue Tier 2 subordinated debt. This is the case for the English management company Jupiter. Our average yield on this position is around 7%. We strengthened our position on Saxo Bank, the global trading platform with a return of 5.5%. Three profit-taking operations were carried out because of the sharp rebound of certain positions. We sold the Credit Suisse AT1 at a price close to its pre-covid level. The so-called "disco" perpetual bond issued by RBS was sold. Finally, the German real estate company Adler 2023, acquired during the stock market crash, was also sold.

The month of July was marked by the return of quasi lock-down in different parts of the United States, where COVID 19 is rising sharply, and by the increasing Sino-US tensions, which led to consulates closures. The battery of exceptional measures put in place by regulators and governments to deal with the pandemic continued to reassure the markets, most recently with the difficult agreement between countries on the ERF (European Recovery Fund), a fund of 750 billion, including 390 billion in subsidies, which is now awaiting ratification by the European Parliament. Against this backdrop, SubFin continued to tighten, closing the month at 152bps, more than 130 bps tighter than its 280bps level at the end of April.

On the regulatory side, the ECB published the results of its "Vulnerability assessment" conducted on 86 banks, a specific COVID stress test which studied two scenarios, a standard and severe one, reaffirming the solidity of the banks and an adequate level of capitalization. The cost of risk remains manageable.

Despite the increased provisions recorded in Q2 2020, European banks surprised on the upside with their CET1 publications. NatWest (ex-RBS) continued to make provisions for risks of "economic uncertainty" (+GBP 2.1bn in provisions) and reported a CET1 up to 17.2%. Barclays, UBS and Deutsche Bank also maintained comfortable levels of 14.2% 13.3% and 12.8% respectively. The suspension of dividends, which the ECB will finally re-examine in December, contributed to this increase in addition to the "CRR Quick Fix" regulatory changes and exceptional support measures. The revenue trajectories diverge among universal banks, the sharp drop in retail banking revenues was partially counterbalanced by the rebound in market activities. BNP Paribas posted an exceptional performance in the bond market which beat most of the major Wall Street banks after having issued a profit warning in the first quarter.

Management Report (continued)

AXIOM OBLIGATAIRE (continued)

On the consolidation side, UBI's shareholders finally approved the acquisition by Intesa Sanpaolo.

Finally, the Cocos' (AT1 and RT1) primary market remained active. We can mention the issues of UBS (USD 750 million at 5.125%), RBI (EUR 500 million at 6%), Commerzbank (EUR 1,250 million at 6.125%), BBVA (EUR 1 billion at 6%) and Rabobank (EUR 1 billion at 4.375%).

Commerzbank has issued a bond denominated in Singapore dollars, maturing in 2028. This bond has a single call date in 2023. The bank is expected to call the bond at par on that date as the bond is subject to regulatory amortization once it's close to five years to maturity. Under this assumption, the return on our investment should be close to 7%. We have taken our profits on the AT1 subordinated bond issued by the Dutch bank ING Groep N.V, whose price has recovered sharply.

August was once again shaped by an increase in COVID 19 cases in multiple countries. The only notable macro event was Powell's speech at Jackson Hole where he revealed a more flexible strategy. In this context, the SubFin kept on tightening, closing the month at 129 bps, more than 150 bps tighter from its level at the end of April.

Overall the latest earnings' publications confirmed the key trends that were observed in July : significantly better than expected capital ratios (lower RWAs, more tolerance and further concessions over delays), no or limited increase in NPL ratios, lower retail fees and NII but excellent investment banking revenues, as well as managements guiding for lower impairments in Q2 overall but with a high discrepancy in levels of front-loading. A few initial data points tend to show that ultimate default rates for loans under moratoria should be between a few percentage points for core countries up to over 20% for the riskiest jurisdictions (e.g. Greece), with high dispersion within countries.

On the regulators' side, the EBA is expected to publish its opinion on the treatment of legacy debt before the end of the year. The calls of Credit Suisse low trigger Tier 2 and ABN 5.75 AT1 are expected.

Finally, the primary market remained active on CoCo (AT1 and RT1) supported by good quarterly results. We can mention the issues of Barclays (USD 1.5 billion at 6.125%), Intesa Sanpaolo in two tranches (EUR 750 million at 5.875% and EUR 750 million at 5.5%) and Credit Suisse (USD 1.5 billion at 5.25%).

We have taken our profits on the Eurofins 2022 bond which yields close to zero. After more than 20 years on the stock market the company decided to get a rating agency rating. This has translated into an investment grade rating in the BBB category obtained last month, leading to a welcome increase in the price of this bond, which we acquired at the height of the crisis at a yield of more than 5%.

Despite September being full of adverse geopolitical events, financial securities held out quite well: the developing Covid-19 outbreak, the U.S presidential election, Brussels' ultimatum imposed on the U.K regarding Brexit. The SubFin index has widened slightly (+9bps), reaching 138 bps, after 5 consecutive months of tightening.

Another important speech by Jerome Powel, who after having revealed a more flexible strategy to meet the Fed's inflation and employment goals in August, announced that the FED wouldn't raise its rates until 2023, at least. This is another decision reasserting the FOMC's willingness to see inflation exceed the 2% first and foremost. In Europe, the new tranche of €175 billion TLTRO was actioned by the BCE on the 24th of September.

Management Report (continued)

AXIOM OBLIGATAIRE (continued)

On the regulator's side, during his speech in front of the European Banking Federation, Andrea Enria reminded investors that the financial sector has good rules and policies in place to deal with non-performing loans (NPL), more quickly and effectively. He also reiterated authorities' support to banks fighting against asset quality deterioration. In the US the Fed extended the buyback and dividend cap it had previously introduced until the end of the year. This had been somewhat expected and will apply to any bank with more than \$100bn in assets.

Nothing more regarding the suspicious activity reports (SARs), filled out by banks on a regular basis, at the behest of the FinCEN (Financial Crimes Enforcement Network) in the U.S. The market overreacted in September following the press resurgence of an old flow of information (2011-2016) already flagged, which triggered a significant sell-off.

On the consolidation side, the announced merger between Caixa and Bankia should create the first banking group in Spain. In Italy, where Intesa is taking over UBI, BPER is preparing the acquisition of more than 500 offices from Intesa before February 2021, financed by a 802 million euro capital increase. In France, the Société Générale announced it was studying the potential merger of its two key retail networks (SocGen and Credit du Nord) to extract synergies.

Finally, issuers continue calling their regulatory securities which are no longer eligible as capital or no longer economically viable. The tender announced by NatWest (ex-RBS) on its two bonds RBS 7.648 and RBS 6.425 with long call dates, was well received by bond holders with respectively 83% and 64% success. Regarding the primary market, the new issues of Cocos' (AT1 & RT1) continued, in an attempt to catch the last opportunity before the end of the year. The notable issues this month were: Julius Baer (350 million USD) at 4.875%, Bawag (175 million euros, at 5.125%), Commerzbank (500 million euros, at 6.500%) and Svenska Handelsbanken in two tranches (500 million USD at 4.375% et 500 million USD at 4.750%).

Axiom AI took part in HLD's primary issuance. This Private Equity company issued a senior bond with a coupon at 3.85% and a maturity in 6 years. Please note that we benefit from a covenant stipulating a 30% Loan to value ratio. The family shareholding of HLD is an additional source of comfort for the senior creditor. The portfolio risk has been reduced by selling some « high-beta » securities such as Danish Bank Danske AT1 and Dutch bank ING AT1.

After a new round of lock-downs for several European countries, endless Brexit negotiations, and uncertainty about the presidential election in the United States, the SubFin index widened by +10 bps reaching 154 bps. Financial debt continued to hold up well, on the back of a set of solid quarterly results that beat expectations.

In October, The majority of the quarterly results exceeded expectations mainly due to lower than expected provisions, rising capital ratios and lower than expected RWAs. Based on their good fundamentals, several issuers such as Santander and Erste announced their intention to pay dividends for 2019. Indeed, Rabobank will pay a distribution of additional certificates equal to approximately €1.625 per certificate to compensate investors for the four missed quarterly distributions. These announcements remain conditional on the ECB's ban on distributions, which is expected to be reconsidered in December.

On the regulatory side, the EBA published its long-awaited opinion on Legacy instruments on the 21st of October. The opinion was very clear on the need to clean up the stock of « Legacy bonds » as soon as possible. Depending on the instruments three options were presented to manage the so called "inflection risk " i.e. the risk of the legal and regulatory rankings being completely mixed up. which could threaten eligibility:

Management Report (continued)

AXIOM OBLIGATAIRE (continued)

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Finally, issuers continue calling their regulatory securities which are no longer eligible as capital or no longer economically viable.. AIB announced the call of its AT1 Opco and Santander of its USD prefs with a floor whose coupon non payment mechanism could have been an obstacle to the resumption of divided payments. Rabobank announced a buyback offer on its 6.91% bond callable in 2038.

Finally, the primary market saw the first RT1 issued in Italy by UnipolSai (EUR 500 million at 6.375%). At the beginning of the month, Caixa Bank (EUR 750 million at 5.875%), Nykredit (EUR 500 million at 4.125%), Credit Agricole (EUR 750 million at 4%) and Quintet Private Bank Europe SA (EUR 125 million at 7.5%) issued on the market.

The private bank Quintet came on AT1 primary market issuing EUR 125 million, offering a 7.5% coupon over an anticipated period of 5 years. The financial institution has a low profitability but moderate balance sheet risks. We strengthened our position in the German real estate company Adler. An EBA study on legacy bonds led to a surge in the price of perpetual disco and CMS bonds. We took that opportunity to sell the BBVA perpetual bond at a price of 89.

Financial stocks performed strongly in November, driven by announcements of effective and readily available vaccines and the results of the U.S. elections. In the UK, the departure of Dominic Cummings, one of the government's toughest Brexiters, heralds a close agreement. The SubFin index tightened by 50 bps, ending at 113bps, marking a record one-month change.

The rally was also supported by new adjustments to state aid plans and the anticipation of new support measures by the ECB expected on the 10th of December, notably for the banking sector.

The excellent results of the banks in the third quarter also came as a positive surprise. Asset quality was stable, profits exceeded expectations by more than 30% and capital ratios reached record levels with more than 15% of average CET1. We believe that the positive news on the roll-out of vaccines will lead to a gradual resumption of dividend distribution in 2021. The ECB will decide in December on the lifting of its ban, which would be a real catalyst for the financial sector.

Continued consolidation and cost reduction are boosting the sector and offer further upside potential. Targets are cheaper, capital is abundant and difficult to distribute: all reasons to engage in synergy-generating operations. Note the departure of Jean-Pierre Mustier from UniCredit, which should enable the acquisition of Monte Dei Paschi and the OPA (public offering to buy) launched on Credito Valtellinese by the Crédit Agricole group. On the insurance side, Intact, Canada's leading property and casualty insurer, announced the acquisition of British insurer RSA. Finally, BBVA announced the sale of its US subsidiary to PNC for \$11.6 billion. This capital should be reallocated to buyout operations in Europe.

Management Report (continued)

AXIOM OBLIGATAIRE (continued)

On the regulatory side, the PRA published on November 16th its CFO Letter (a letter to the CFOs of English banks) which takes up the EBA's recommendations of October 21st on the need to clean up the stock of "Legacy" instruments as soon as possible. This publication, from a direct supervisor, has had a positive impact on the universe of UK discounted or "disco" bonds. And on the same day, Lloyds announced an exchange offer with a premium of almost 6 points on three legacy "long calls" bonds with step-ups (7.281%, 7.881% and 13%). Also noteworthy was the tender by Novo Banco on its senior Cayman bonds which had a positive impact on their prices.

Finally, the primary market saw the first RT1 issued in Germany by Allianz (two issues of 1.250 million at 2.625% in EUR and 3.5% in USD) and in AT1 format we saw Société Générale (USD 1500 million at 5.375%), Erste Bank (EUR 750 million at 4.250%) and Permanent TSB (EUR 125 million at 7.875%).

Once again we participated in the primary market with the AT1 issue of Ireland's third largest banking group Permanent TSB. The well capitalised institution is mainly active in residential mortgage lending. The coupon on this bond is a generous 7.875%. In fact, this transaction serves to pre-finance another AT1 with a call option in March 2021. The latter, which we hold in our portfolio, appreciated strongly upon the announcement of this news. In addition, due to the high market prices, we made some profit on the AT1 AIB 5.25% and on the Ages perpetual bond called "Fresh" which is now 10 points above the issuer's 2019 tender!

Financial stocks ended December on a high note, posting solid performance, driven mainly by the Brexit agreement concluded in the last days of the year. This agreement still seemed a long way off at the beginning of December when the lack of significant progress, coupled with the status quo in the negotiations on the US stimulus plan, did not encourage major risk taking. The indices tightened very slightly over the month (SubFin from 113bps to 111bps), the main movement being on the cash side.

The rally was also supported by the gradual resumption of dividend distributions announced by the ECB for 2021 with a limit set at 15% of 2019-20 profits and 20 points of CET1 until September 30. In the United Kingdom, the PRA decision was similar. Internal stress tests tested the financial soundness of English banks before deciding on distributions. These should not exceed the higher of the following two amounts: 20 bps of RWAs at the end of 2020 or 25% of cumulative earnings over eight quarters covering 2019 and 2020.

Overall, capital markets activity ended 4Q on solid footing for most banks with revenues of this division still running ahead of consensus suggesting potential for upward revisions of Q4 EPS. This positive earnings trend is consistent with the continued reduction in the stock of non-performing loans. Examples include those of Sabadell, UniCredit, and Banco BMP in December.

Consolidation and cost reduction also continue in the financial sector. The merger of Unicaja and Liberbank in Spain has been formalized and should create the number 5 in the national banking sector once regulatory approvals are obtained. Political pressure is also mounting in Italy for Monte Dei Paschi to be acquired by UniCredit.

Management Report (continued)

AXIOM OBLIGATAIRE (continued)

On the regulatory side, the transposition of BRRD2 in France does not go in the direction of the issuers and leaves the risk of infection unresolved, which further reinforces the interest in cleaning up the stock of "Legacy" instruments (you can see our note on this subject on the following link <http://axiom-ai.com/web/wp-content/uploads/2020/04/Flash%20Axiom%20AI%20%20EBA%20opinion%20on%20Legacy%20Instruments%20-%20October%202021,%202020-%20version=2021-1-7>). BBVA announced in mid-December the call at par of three of its legacy securities. These calls at par confirm the interest of issuers to clean their legacy securities' stock in the context of the transition period to Basel 3. On the insurers' side, the year began with greater regulatory clarity following the publication by EIOPA of its analysis on Solvency II, which reflects the regulator's confidence in the sector.

Finally, the primary market for AT1 securities remained open. HSBC (USD 1,500 million at 4.6%) and Credit Suisse (USD 1,500 million at 4.5%) came to seize the right conditions to issue. The stock market ended the year 2020 at -4% while the Axiom Obligataire fund remained in positive territory with a performance of 5,42%. However, the securities in the portfolio are in principle highly correlated to the equity market. This virtuous configuration is linked to the high coupons as well as the positive convexity of the strategy. We have added a new issuer, the first Hungarian bank OTP, on the back of the bank's excellent metrics: leverage of 11, cost/income ratio of 54% and a CET1 ratio of 14.6%. The non-performing loans, well provisioned, should be manageable (5.6%). For these reasons, OTP has a BBB rating.

AXIOM OPTIMAL CRITERIA

Financial bonds showed strong resilience in January, ending the month up despite the renewed risk aversion of recent weeks. Market concerns about the Coronavirus epidemic and its consequences for global growth had a very limited impact on financial securities, as did the United Kingdom's exit from the European Union.

Banks that have already released their annual results have announced rising capital ratios, perhaps in preparation for more difficult 2020 EBA stress tests. Even Deutsche Bank posted results that should reassure creditors: despite the consecutive decline in its pre-tax earnings, the bank's capital ratio was up +40bps to 13.6%.

Surprisingly, this reduction in risk premiums was not accompanied by an increase in rates but rather by a decrease (the 5-year swap went from -0.11% to -0.30%). In this context, hedges suffered, reducing the performance gap with single A rated bonds.

The fund nevertheless took advantage of the fall in spreads to post a solid performance in January. Some lines with reduced potential were sold such as Legal & General 2049 after a 60bps decline in its spread since its purchase (320 to 260).

The month of February showed some strong declines driven by concerns about the spread of the coronavirus, Bernie Sanders increased popularity as per the opinion polls and the Brexit negotiations (London has warned on a possible no-deal if no agreement is reached before June). The SubFin index ended the month at 160 bps widening by almost 50bps in the last week.

Compared to the different asset classes, financial subordinated debt emerged more resistant to the recessive impact of the COVID-19 epidemic. The high capitalization level of the banks is reassuring, as are the stress test scenarios used by the regulatory authorities, which were much more violent than the impact estimated by the OECD in connection with the coronavirus crisis.

Management Report (continued)

AXIOM OPTIMAL CRITERIA (continued)

The fund suffered from a significant spread spread on long bonds (41% of the portfolio), particularly on SCOR (+150bps) and M&G (+90bps). We believe that this spread reflects significant selling flows and not a change in the general quality of these names.

For many months the pocket invested in short senior bonds (<2 years) has remained significant (42%). It is intended to be deployed according to the opportunities that arise.

The highlight of the month of March was the rapid spread of Covid-19, which put most European countries into almost complete lockdown. In response to this unprecedented health crisis, all asset classes fell sharply. After its strong widening during the month (peak at 350 bps, +100% compared to its level at the end of February), the SubFin index ended the month at 255 bps.

There was a lot of forced selling in the market between March 11th and 18th, as evidenced by the rise in government rates or the fall in gold prices during that week. These came mainly from funds undergoing large redemptions or leveraged funds that needed to find cash to meet increasing margin calls. This extreme market volatility (the VIX went up to 80 compared to 14 mid-February) triggered portfolio turnover. The 48 million of sales made were concentrated solely in the cash plus bucket of the portfolio consisting of banks' bonds with a maturity of less than 2 years. The 55 million in purchases were made in favor of names which suffered from the forced selling like the Allianz 5.5% Fixed to Fixed at 93 or the 12% Lloyds Legacy at par.

Our convictions on the solid positioning of the financial sector were reinforced by the high level of capital and by the exceptional measures made available to the banks, which we detail below:

- capital related: (i) provisional suspension or modification of several capital buffers (conservation buffer, 2G pillar, 2R pillar, countercyclical buffer and systemic buffer) allows to decrease the CET1 requirements by c. 4%;
 - (ii) the suspension of dividends and any exceptional distribution by October as requested by the regulators (ECB and PRA) makes it possible to strengthen the CET1 without impacting AT1 coupon payments as specified by the banks and the supervisor (EBA);
 - liquidity related: the access conditions to the new TLTRO (medium-term financing with the ECB) have been considerably eased on both the collateral and the lending rate (lowered to -0.75%,);
 - asset quality related: the rules, in particular on NPL provisions and IFRS 9 (accounting rules), have been relaxed. The state guarantees (EUR 300 billion for France, EUR 350 billion for Germany, EUR 300 billion for the United Kingdom, etc.) should support banks in rolling over loans.
- Lastly, the European Commission has explicitly stated that if, despite all these measures, a bank is in difficulty because of the current crisis and would need public aid, the guidelines on "burden sharing" that may penalize subordinated debt holders will not apply.
- In spite of market volatility, issuers have continued buying back their bonds.
- ING announced on March 15, the call of its AT1 6% (USD 1bn) and its legacy tier1 6.125% (USD 700m).
 - SEB announced on March 18, the call of its AT1 (EUR 1.1bn)
 - Lloyds announced on March 31 a tender offer at 109% on its legacy tier1, at 12% in USD
 - Crédit Agricole announced on April 2, a tender offer on two of its Legacy Tier 1 bonds, their 6.637% and their CMS

Management Report (continued)

AXIOM OPTIMAL CRITERIA (continued)

- Vivat announced on April 2, a tender offer on a senior bond, their 2.375% with a maturity date in 2024

Finally, the primary market quickly reopened. Issuance in the banking sector increased towards the end at least, confirming a normalisation of conditions. Credit Suisse issued USD 3 billion of senior debt maturing in 2031 with a 4.194% coupon. Several UK banks also came to refinance: Lloyds EUR 1.5 billion senior 3.5% 2026, HSBC USD 2.5 billion senior 4.95% 2030, RBS EUR 1 billion senior 2.75% 2025, Barclays EUR 2 billion senior 3.375% 2025 and Standard Chartered USD 2 billion senior 4.644% 2031. The fund participated in all these issues, senior non preferred banking spreads being now at B high-yield levels seen in mid-February.

April was another month of exceptional support measure for the banks helping the economy fight the effects of the pandemic. These translated into a strong rally in subordinated of the fund (+8.21).

Our convictions remain unchanged. The banks have never approached a crisis so well capitalized. Their solid positioning was reinforced by the exceptional measures made available on capital, liquidity and asset quality levels. We have already discussed many of these measures in another publication available on our website (<http://axiom-ai.com/web/en/2020/03/25/npe-analysis-3-2-2-2/>).

The results season has just started. All-in, the key messages so far were higher provisioning;

- almost no impact on asset quality metrics which remain solid;
- CET1 levels generally in line with consensus despite higher RWAs, thanks to the 2019 dividends' omission;
- increased headroom to MDA.

We found a wide disparity in the approaches taken. We will therefore have to wait for the results of the second half of the year to assess the trend.

While awaiting greater visibility, the long-term portfolio has been reduced in favour of the short-term portfolio (notably the sale of Prologis). Although the portfolio's rating is very high, it does not protect against everything. We are therefore very careful not to have too much exposure to the economy. Thus the biggest falls, such as Boeing's fall from A- to BBB- like Carnival, could be avoided.

The month of May was marked by the easing of the lock-down in many European countries, including Italy. The battery of exceptional measures put in place by regulators and governments to prevent the economic shock of the pandemic continued to expand. This resulted in a strong performance of subordinated debt with the SubFin index closing at 180 bps vs. 280 bps at the end of April.

Now that the first quarter earnings season is over we can see that European banks are showing deteriorating profitability but resilient levels of capital. They will be necessary to approach those of the second quarter, when we will have a clearer trend.

The Bank of England and the ECB have tried to quantify the risk of losses through desktop stress tests and by taking into account public support plans. They believe that the crisis could seriously deteriorate 2020 profits but that for the majority of European banks capital cushions are sufficient. Liquidity is not a cause for concern in the current environment. Despite strong corporate demand for loans, banks continue to face excess liquidity, to the extent that we saw several banks calling their senior bonds on in May.

Management Report (continued)

AXIOM OPTIMAL CRITERIA (continued)

Even if our convictions remain strong on the banking sector in relation to the corporate (exposure reduced to 1%), we believe that the rally has been too important in view of GDP and unemployment expectations. We therefore reduced the credit duration of the portfolio by selling long bonds such as Santander 2026 or Unibail 2049.

The month of June was marked by further easing of lock-down restrictions in most European countries. The battery of exceptional measures put in place by regulators and governments to prevent the economic shock linked to the pandemic continued to play its role of a shock absorber. The SubFin index tightened further closing the month at 166 bps vs. 180 at the end of May and 280 at the end of April. The CoCo Solaxicc index ended the month at +1.5%.

The measures put in place by the central banks, including the TLTRO with its generous pricing which can now reach -1% for institutions that commit to carry out as much financing as pre Covid-19, constitute an important support for the recovery. A topic which is now central as the ECB and the FED seem to rule out the V shaped recovery and caution is taking place in the markets.

The subject has moved into the background since the health crisis, but discussions on Brexit are not moving forward, with disagreements on the regulatory equivalence of financial services seeming to contribute to the delay. This is a cause for concern for the end of the year, especially since the risk premium is now very low. The fund has sold the Scottish Widows bond.

The month of July was marked by the return of quasi lock-down in different parts of the United States, where COVID 19 is rising sharply, and by the increasing Sino-US tensions, which led to consulates closures. The battery of exceptional measures put in place by regulators and governments to deal with the pandemic continued to reassure the markets, most recently with the difficult agreement between countries on the ERF (European Recovery Fund), a fund of 750 billion, including 390 billion in subsidies, which is now awaiting ratification by the European Parliament. Against this backdrop, SubFin continued to tighten, closing the month at 152bps, more than 130 bps tighter than its 280bps level at the end of April.

Despite the increased provisions recorded in Q2 2020, European banks surprised on the upside with their CET1 publications. NatWest (ex-RBS) continued to make provisions for risks of "economic uncertainty" (+GBP 2.1bn in provisions) and reported a CET1 up to 17.2%. Barclays, UBS and Deutsche Bank also maintained comfortable levels of 14.2% 13.3% and 12.8% respectively. The revenue trajectories diverge among universal banks, the sharp drop in retail banking revenues was partially counterbalanced by the rebound in market activities. BNP Paribas posted an exceptional performance in the bond market which beat most of the major Wall Street banks after having issued a profit warning in the first quarter.

All the measures put in place to support the economy have allowed a partial decorrelation between the slowdown in activity and the encouraging quarterly results. These measures will be gradually lifted and we will see the real state of the economy at that time. We therefore maintain a prudent attitude in the fund with a single investment in CCR Re, a French reinsurer. The spread of 310bps is interesting considering the French state is a shareholder.

The month of August was again marked by an increase in the number of cases of COVID 19 in various countries. The only notable macro event was Powell's speech at Jackson Hole where he revealed a more flexible strategy to meet the Feds inflation and employment goals. In this context, SubFin continued to tighten, closing the month at 129 bps, more than 150 bps tighter than its level at the end of April.

Management Report (continued)

AXIOM OPTIMAL CRITERIA (continued)

Overall the latest earnings publications confirmed the key trends that were observed in July : significantly better than expected capital ratios (lower RWAs, forbearance and concessions on delays), no or limited increase in NPL ratios, lower retail fees and NII but excellent investment banking revenues, as well as expectations for lower depreciations in the second quarter overall but with a high discrepancy in levels of front-loading. A few initial data points tend to show that ultimate default rates for loans under moratoria should be between a few percentage points for core countries up to over 20% for the riskiest jurisdictions (e.g. Greece), with high dispersion within countries.

The fund was positioned to navigate in a volatile summer. Finally, and despite the news making a quick exit from the health crisis unlikely, the last two months have been calm with the fund's volatility returning to pre-crisis levels of around 0.90% over 60 days.

The conservative approach did not prevent the fund from performing well on the back of its long duration bonds like HSBC 7% 2038.

Despite September being full of adverse geopolitical events, financial securities held out quite well: the developing Covid-19 outbreak, the U.S presidential election, Brussels' ultimatum imposed on the U.K regarding Brexit. The SubFin index has widened slightly (+9bps), reaching 138 bps, after 5 consecutive months of tightening.

Italian Senior preferred bonds were replaced in the new series 24 of the Itraxx Senior Fin with non-preferred seniors. At this level of spreads (75 bps), the fund bought 9% protection. Indeed, this is an inexpensive instrument protecting against volatility spikes.

Another important speech by Jerome Powel, who after having revealed a more flexible strategy to meet the Fed's inflation and employment goals in August, announced that the FED wouldn't raise its rates until 2023, at least. This is another decision reasserting the FOMC's willingness to see inflation exceed the 2% first and foremost. In Europe, the new tranche of €175 billion TLTRO was actioned by the BCE on the 24th of September.

On the consolidation side, the announced merger between Caixa and Bankia should create the first banking group in Spain. In Italy, as part of the acquisition of UBI by Intesa Sanpaolo, BPER is preparing to buy more than 500 branches from Intesa, an operation that should be completed before the end of February 2021 and which would be financed by a capital increase of EUR 802 million. In France, Société Générale has announced that it is studying the creation of a new retail bank, with the merger of its two banking networks, Crédit du Nord and Société Générale.

In October, after a new round of lock-downs for several European countries, endless Brexit negotiations, and uncertainty about the presidential election in the United States, the SubFin index widened by +10 bps reaching 154 bps. This end of year made of uncertainty in a market that will become less liquid made us strengthen the protection position on Itraxx Senior to reach 20% of the fund.

On the positive side, financial stocks continued to resist well, on the back of strong quarterly results. The majority of the quarterly results exceeded expectations mainly due to lower than expected provisions, rising capital ratios and lower than expected RWAs. Rating agencies have a rather favorable attitude towards the current crisis: S&P has upgraded its outlook on Italy from negative to stable taking into account the support measures in the ECB's plan.

Management Report (continued)

AXIOM OPTIMAL CRITERIA (continued)

On the regulatory side, the EBA published its long-awaited opinion on Legacy instruments on the 21st of October. The opinion was very clear on the need to clean up the stock of « Legacy bonds » as soon as possible. Depending on the instruments three options were presented to manage the so called "inflection risk " i.e. the risk of the legal and regulatory rankings being completely mixed up which could threaten eligibility:

Option 1: redemption of the bonds when a call date is available or bond buyback;

Option 2: modification of the terms and conditions of the bonds;

Option 3: in exceptional cases, when options 1 and 2 are not available keeping the bonds but without using them as capital or MREL.

The general philosophy of the EBA's opinion is clear and should accelerate the number of calls and buybacks but, as always with Legacy bonds, the devil is in the detail and some caveats apply. We have published our analysis on that matter, available hereafter <https://mailchi.mp/axiom-ai.com/flash-axiom>.

Financial stocks performed strongly in November, driven by announcements of effective and readily available vaccines and the results of the U.S. elections. In the UK, the departure of Dominic Cummings, one of the government's toughest Brexiters, heralds a close agreement. The SubFin tightened by 50 bps, ending at 113bps, marking a record one-month change.

The rally was also supported by new adjustments to state aid plans and the anticipation of new support measures by the ECB expected on the 10th of December, notably for the banking sector.

The excellent results of the banks in the third quarter also came as a positive surprise. Asset quality was stable, profits exceeded expectations by more than 30% and capital ratios reached record levels with more than 15% of average CET1. We believe that the positive news on the roll-out of vaccines will lead to a gradual resumption of dividend distribution in 2021. The ECB will decide in December on the lifting of its ban, which would be a real catalyst for the financial sector.

The primary market saw the first RT1 issued in Germany by Allianz (two strains of 1.250 million at 2.625% in EUR and 3.5% in USD). This issue with an A/Baa1 rating has found its place in the portfolio and replaces the SCOR 5.25 with a more diversified profile in the face of rising COVID cases and a higher backend.

Financial stocks ended December on a high note, posting solid performance, driven mainly by the Brexit agreement concluded in the last days of the year. This agreement still seemed a long way off at the beginning of December when the lack of significant progress, coupled with the status quo in the negotiations on the US stimulus plan, did not encourage major risk taking. The indices tightened very slightly over the month (SubFin from 113bps to 111bps), the main movement being on the cash side. The fund thus reached its highest NAV level for the year at the end of December, once again demonstrating its resilience in a complicated economic context. Axiom Optimal Fix remains cautiously positioned for the coming months despite the unlimited support of governments and central banks.

Management Report (continued)

AXIOM OPTIMAL CRITERIA (continued)

To protect this positioning, the fund has strengthened its position on fixed to fixed issued by insurers, for 2% of the fund on AXA, Allianz and Zurich Insurance, in order to benefit from the longer transition period (end of 2025 for insurance companies).

The rally was also supported by the gradual resumption of dividend distributions announced by the ECB for 2021 with a limit set at 15% of 2019-20 profits and 20 points of CET1 until September 30. In the United Kingdom, the PRA decision was similar.

Overall, capital markets activity ended 4Q on solid footing for most banks with revenues of this division still running ahead of consensus suggesting potential for upward revisions of Q4 EPS. This positive earnings trend is consistent with the continued reduction in the stock of non-performing loans. Examples include those of Sabadell, UniCredit, and Banco BMP in December.

In December, the fund initiated a position in Grenke Finance after S&P confirmed its BBB+ rating with a 6% return. The bond now trades at 2%.

AXIOM LONG SHORT CREDIT (launched on June 24, 2020)

The High Yield markets recorded a strongly positive performance in July, in particular the US High Yield market which with +4.74% performance achieved its best month since October 2011. This performance is all the more remarkable as it comes after an exceptional second quarter in which high-yield markets rebounded by around 10%.

What factors explain this good performance?

- Firstly, the rebound in economic figures, particularly in the US, and better than expected corporate results, after a first quarter strongly impacted by the Covid 19 pandemic.
- But also, central banks and governments support measures for the real economy but also for the financial markets and the belief that these measures will be extended or even amplified.
- Finally, specifically for high yield, the primary market dried up in July after 120 billion issues in the second quarter; investors therefore had to buy on the secondary market, pushing up the prices of all the bonds composing the benchmarks.

For this first month after the official launch of the fund, we have started to invest in a progressive and risk-limiting manner. The secondary market was less liquid due to the second quarter exceptional performance, but the primary market remained open, which allowed us to make many " low beta " investments on the long side.

On the short side, we have been opportunistic by favoring liquid shorts through CDS or single name TRS. We supplemented the portfolio with "macro" shorts on the Crossover and CDX High-Yield indices to give it a net exposure to negative credit markets.

We ended the month with a gross exposure of 86% while our objective is to increase this exposure to 130% -150% in the coming months.

Finally, we have initiated a new management strategy "Post-Covid Air Transport and Aeronautics" in order to play the change in sectoral dynamics induced by the Covid crisis.

Management Report (continued)

AXIOM LONG SHORT CREDIT (launched on June 24, 2020) (continued)

August is the 5th consecutive month of rallying High Yield markets after the low point of March 23rd. Market dynamics seem to remain intact as major catalysts are approaching:

- the threat of a second wave of Covid 19 which is becoming clearer, at least in Europe
- the rise in US long rates, including the 10-year rate that rose by 21 bps over the month
- uncertainty brought by the anxious context of the U.S. presidential elections
- expiry of the main support measures for employees and companies

Finally, let us remind that the low rates and spreads on the High Yield US are a refinancing opportunity for many issuers.

The primary market should therefore be very strong in September and challenge investors' risk appetite.

This second month of management since the fund launch in June allowed us to expand and diversify our portfolio by adding numerous long and short positions.

Gross exposure exceeds 100% and net exposure is slightly negative and is likely to remain so for the coming months.

We have made good progress in building our BB long / single B short strategy and the portfolio now has a "short beta" bias.

We were also able to increase sector diversification strategies in financial services, European telecoms and aeronautics.

We are not increasing our long US HY Energy as this sector has become expensive again following the current rally.

September was a month of negative performance for High Yield markets as the new US budget support plan did not materialize and the FED indicated that it had exhausted its ability to support the US economy.

This pause comes after a rally of +27% since the low point of March 23 for the US High Yield and +23% for the HY Euro index. Despite this weakness in the High Yield market, the pace of primary issuance has remained strong and primary issues continue to offer attractive premia over secondary (25 bps for a "good BB", 50 to 75 bps for a B). This constant inflow of primary is likely to limit the possibilities of further rallying between now and the end of the year, while the potential catalysts for correction are still there.

To answer the question, when can the year-end be set for high-yield markets in terms primary? Traditionally High Yield is liquid until the beginning of December even if several market-makers close their books at the end of November. This year, the date could be much closer. November 3rd, the US elections date seems the most credible date to fix the point where the liquidity decline will accelerate. We would recommend a rather cautious approach over the coming weeks even though lower liquid markets may generate interesting long or short opportunities.

Management Report (continued)

AXIOM LONG SHORT CREDIT (launched on June 24, 2020) (continued)

September was our first month of management with a portfolio in "cruising speed" in terms of investment and risk profile. The slight correction at the end of the month allowed our portfolio to deliver on its promise in terms of credit exposure and beta.

Indeed, the correction translated into a slight underperformance of high beta credits (B and CCC), which was what we expected and has a beneficial impact on our portfolio. We increased both long and short positions over the month and are close to our gross investment target of 150%.

Finally, we rolled over all our positions in single-name CDS and index CDS derivatives in order to remain on the most liquid current maturities, liquidity being the main focus for the end of 2020.

October was a very volatile month for the high yield markets, registering a +2% rebound from September, lows followed by a further significant correction at the end of the month.

This correction was accompanied by a rebound in rating downgrades, particularly in the B/CCC segment.

For the first time in a while, a divergence was observed between Euro High Yield where spreads widened and US HY where spreads narrowed.

This divergence reflects two factors: rising US rates while Euro rates have fallen and a much larger decrease in the level of risky assets in Europe compared to the US.

The High Yield markets are therefore entering a very uncertain period with a second wave of the virus and a market that has seen worsening liquidity since the end of October.

We strengthened the long BB, the short B and long Financial Services strategies in the portfolio.

We also increased our short on the aerospace industry as the fundamentals of the sector continue to deteriorate, without any signs of improvement.

November was a month of record performance for high yield and equity markets.

This performance was fueled by a steady stream of good news (US elections and first vaccines against COVID19). The "high beta" segments were the most active, in particular the single B in euros, the US CCC, stressed and distressed bonds, and the US HY Energy sector.

Our portfolio had negative performance over the month because of its short beta bias but less than expected due to the positive convexity of our shorts.

In fact the majority of our B/CCC shorts have been trading for 2 months at a short call which limits their potential for price increases while our long BBs have kept their potential for price appreciation.

The first half of 2021 will be crucial for High Yield as the effects of the current slowdown will be felt on the most fragile companies and vaccines have not yet been able to restore growth.

The exit from support programs will also be a delicate moment for high beta loans, and less so for good quality loans (increase in equity valuations, debt repayments).

In this context, we are maintaining our short beta bias while actively managing our long and short pockets thanks to the relative value opportunities created by recent movements.

December was a month of strong performance for the High Yield markets, which allowed our fund to end a very volatile year with a positive performance (+2% versus +0.80% in Europe).

AXIOM LUX

Management Report (continued)

AXIOM LONG SHORT CREDIT (launched on June 24, 2020) (continued)

The B and the CCC segments in the HY US index overperformed strongly (+4% over the month for CCC) while the performance of the euro HY was homogeneous.

Despite our net negative market exposure, our portfolio had a good month in terms of performance (+0.41%) thanks to its positive convexity:

- our long positions are mainly on bullet bonds which participated fully in the market rally.
- a significant portion of our shorts have an issuer call at a close date. They underperformed the rally initiated at the beginning of novembre, with their duration increasing from an average of 4 years to 2 years.

We believe that the convexity management will be a key driver of HY portfolios' performance in 2021.

Indeed, the very important HY rally at the end of the year led the B and CCC segments to trade at higher price than the price to 1 or 2 year calls.

These segments therefore only offer a marginal performance perspective while fully preserving their credit risk.

This is a risk for the portfolios that have a long exposure to these segments and an opportunity for the portfolios that have a short exposure to these segments, as we are currently.

We are approaching 2021 with a "double positive convexity" of our portfolio, thanks to our long "bullet" bonds and of our shorts that are "callable" in the short term.

A volatile year 2021 should therefore benefit our strategy and there is a handful of reasons to expect such volatility (Covid, politics, central banks etc...).

April 15, 2021

The figures stated in this report are historical and not necessary indicative of future performance.



Audit report

To the Shareholders of
AXIOM LUX

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AXIOM LUX (the “Fund”) and of each of its sub-funds as at 31 December 2020, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2020;
- the securities portfolio as at 31 December 2020;
- the statement of operations and changes in net assets for the year then ended; and
- the notes to the financial statements - schedule of derivative instruments and the other notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or close any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;



- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund or any of its sub-funds to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 26 April 2021

Sébastien Sadzot

AXIOM LUX

Combined

AXIOM LUX
Combined
Financial Statements as at 31/12/2020

Statement of Net Assets as at 31/12/2020

Expressed in EUR

Assets		628,442,639.19
Securities portfolio at market value	Note 2	575,099,030.35
<i>Cost price</i>		560,313,657.10
<i>Unrealised profit on the securities portfolio</i>		14,785,373.25
Options purchased at market value		20,841.00
<i>Options purchased at cost</i>		24,615.13
Cash at banks and liquidities		41,541,741.93
Interest receivable		7,475,380.91
Formation expenses	Note 2	146,064.32
Brokers receivable		527,760.85
Subscriptions receivable		1,476,998.51
Dividends receivable		12,305.43
Unrealised net appreciation on forward foreign exchange contracts	Note 2	1,963,407.46
Unrealised net appreciation on financial futures	Note 2	179,108.43
Liabilities		13,477,153.08
Options sold at market value	Note 2	27,460.00
<i>Options sold at cost</i>		57,600.00
Bank overdrafts		2,864,962.77
Brokers payable		1,399,305.09
Administration fees payable	Note 5	13,034.73
Performance fees payable	Note 4	1,147,253.94
Redemptions payable		722,773.21
Unrealised net depreciation on forward foreign exchange contracts	Note 2	629,375.82
Unrealised net depreciation on financial futures	Note 2	64,695.53
Unrealised net depreciation on swaps	Note 2	5,776,747.01
Management Company fees payable	Note 4	634,813.62
Depositary fees payable	Note 5	15,049.38
Other liabilities		181,681.98
Net asset value		614,965,486.11

AXIOM LUX Combined

Statement of Operations and Changes in Net Assets from 01/01/2020 to 31/12/2020

Expressed in EUR

Income				22,777,681.70
Net dividends		Note 2		1,701,213.08
Net interest on bonds		Note 2		20,333,488.63
Bank interest on cash accounts				6,352.77
Other financial income				10,545.28
Interest on total return swaps / credit default swaps				726,081.94
Expenses				11,034,873.31
Amortisation of formation expenses		Note 2		27,412.81
Management Company fees		Note 4		6,923,470.13
Depositary fees		Note 5		159,128.23
Taxe d'abonnement		Note 3		154,548.07
Administration fees		Note 5		109,499.62
Performance fees		Note 4		1,152,098.20
Domiciliation fees				18,118.37
Professional fees				111,829.64
Bank interest on overdrafts				145,706.37
Legal fees				5,428.61
Transaction fees		Note 6		326,539.11
Interest on total return swaps / credit default swaps				1,717,850.70
Other expenses		Note 7		183,243.45
Net income from investments				11,742,808.39
Net realised profit / loss on:				
- sales of investment securities				9,906,645.14
- forward foreign exchange contracts				6,661,024.95
- financial futures				15,438.37
- swaps				3,864,997.11
- foreign exchange				-1,937,461.05
Net realised profit				30,253,452.91
Movement in net unrealised appreciation / depreciation on:				
- securities		Note 2		-3,751,539.56
- options		Note 2		26,365.87
- forward foreign exchange contracts		Note 2		2,738,581.81
- financial futures		Note 2		-245,966.27
- swaps		Note 2		-5,419,357.34
Increase in net assets as a result of operations				23,601,537.42
Dividends paid		Note 9		-2,116,580.99
Subscription capitalisation shares				203,766,902.70
Subscription distribution shares				36,462,484.24
Redemption capitalisation shares				-192,807,277.34
Redemption distribution shares				-1,203,651.51
Increase in net assets				67,703,414.52
Net assets at the beginning of the year				547,262,071.59
Net assets at the end of the year				614,965,486.11

AXIOM LUX
- AXIOM CONTINGENT CAPITAL

AXIOM LUX - AXIOM CONTINGENT CAPITAL

Financial Statements as at 31/12/2020

Statement of Net Assets as at 31/12/2020

Expressed in EUR

Assets			34,431,928.98
Securities portfolio at market value	Note 2		32,657,998.89
<i>Cost price</i>			30,098,013.11
<i>Unrealised profit on the securities portfolio</i>			2,559,985.78
Cash at banks and liquidities			1,106,455.89
Interest receivable			459,944.13
Formation expenses	Note 2		2,854.45
Unrealised net appreciation on forward foreign exchange contracts	Note 2		204,675.62
Liabilities			528,222.30
Options sold at market value	Note 2		2,746.00
<i>Options sold at cost</i>			5,760.00
Bank overdrafts			262,968.56
Administration fees payable	Note 5		718.54
Unrealised net depreciation on financial futures	Note 2		53,919.46
Unrealised net depreciation on swaps	Note 2		179,449.97
Management Company fees payable	Note 4		18,028.76
Depositary fees payable	Note 5		1,579.28
Other liabilities			8,811.73
Net asset value			33,903,706.68

Changes in number of shares outstanding from 01/01/2020 to 31/12/2020

	Shares outstanding as at 01/01/2020	Shares issued	Shares redeemed	Shares outstanding as at 31/12/2020
C - EUR - Capitalisation	12,073.0000	18,742.0000	11,511.0000	19,304.0000
E - GBP - Capitalisation	2,449.5000	0.0000	2,449.5000	0.0000
R - EUR - Capitalisation	41.6292	0.0000	0.0000	41.6292
Z - EUR - Capitalisation	5,806.6020	2,084.6294	2,084.6294	5,806.6020

AXIOM LUX - AXIOM CONTINGENT CAPITAL

Key figures

	<i>Year ending as at:</i>	31/12/20	31/12/19
Total Net Assets	EUR	33,903,706.68	26,526,302.57
C - EUR - Capitalisation			
Number of shares		19,304.0000	12,073.0000
Net asset value per share	EUR	1,345.54	1,297.43
E - GBP - Capitalisation			
Number of shares		0.0000	2,449.5000
Net asset value per share	GBP	0.00	1,132.50
R - EUR - Capitalisation			
Number of shares		41.6292	41.6292
Net asset value per share	EUR	1,314.19	1,273.40
Z - EUR - Capitalisation			
Number of shares		5,806.6020	5,806.6020
Net asset value per share	EUR	1,356.17	1,297.76

AXIOM LUX - AXIOM CONTINGENT CAPITAL

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			29,486,246.17	86.97
Bonds			7,953,993.88	23.46
<i>Germany</i>				
200,000.00	DEUTSCHE BANK AG 6.00 20-XX 30/04A	USD	6,667,171.42	19.67
6,500,000.00	GERMANY 2.50 10-21 04/01A	EUR	6,502,827.50	19.19
<i>Ireland</i>				
200,000.00	GRENKE FINANCE 1.6250 19-24 05/04A	EUR	189,584.00	0.56
<i>Poland</i>				
125,000.00	SANTANDER BANK POLSKA 0.75 18-21 20/09A	EUR	125,753.13	0.37
<i>The Netherlands</i>				
400,000.00	AEGON NV 5.625 19-49 29/12S	EUR	475,896.00	1.40
<i>United Kingdom</i>				
200,000.00	HSBC 5.875 18-99 28/09S	GBP	495,589.33	1.46
200,000.00	LEGAL AND GENERAL GR 5.625 20-XX 24/09S	GBP	246,562.40	0.73
Floating rate bonds			21,532,252.29	63.51
<i>Australia</i>				
400,000.00	MACQUARIE BANK LTD FL.R 6.125 17-20 08/03S	USD	1,068,262.02	3.15
800,000.00	QBE INSURANCE GROUP FL.R 20-XX 12/05S	USD	351,436.39	1.04
<i>Austria</i>				
600,000.00	BAWAG GROUP AG FL.R 18-XX XX/XXS	EUR	716,825.63	2.11
400,000.00	ERSTE GROUP BANK AG FL.R 19-99 31/12S	EUR	2,709,916.00	7.99
400,000.00	ERSTE GROUP BANK AG FL.R 20-XX XX/XXS	EUR	615,366.00	1.82
200,000.00	RAIFFEISEN BANK FL.R 20-XX 15/06S	EUR	429,340.00	1.27
400,000.00	RAIFFEISEN BANK SUB FL.R 17-XX 15/12S	EUR	414,692.00	1.22
600,000.00	VOLKSBANK WIEN AG FL.R 19-XX XX/XXS	EUR	217,447.00	0.64
400,000.00	RAIFFEISEN BANK SUB FL.R 17-XX 15/12S	EUR	417,066.00	1.23
600,000.00	VOLKSBANK WIEN AG FL.R 19-XX XX/XXS	EUR	616,005.00	1.81
<i>Belgium</i>				
200,000.00	BELFIUS BANK SA FL.R 18-XX XX/XXS	EUR	195,656.00	0.58
<i>Finland</i>				
350,000.00	NORDEA BANK ABP FL.R 19-XX XX/XXS	USD	329,522.91	0.97
<i>France</i>				
600,000.00	BNP PAR FL.R 15-XX 19/08S	USD	329,522.91	0.97
200,000.00	BNP PARIBAS FL.R 19-99 31/12S	USD	1,969,001.78	5.81
800,000.00	CREDIT AGRICOLE SA REGS FL.R 14-XX 23/01Q	USD	569,246.05	1.68
100,000.00	LA MONDIALE FL.R 19-49 31/12S	EUR	178,887.67	0.53
400,000.00	SOCIETE GENERALE FL.R 18-99 06/04S	USD	745,005.93	2.20
100,000.00	LA MONDIALE FL.R 19-49 31/12S	EUR	108,701.00	0.32
400,000.00	SOCIETE GENERALE FL.R 18-99 06/04S	USD	367,161.13	1.08
<i>Germany</i>				
200,000.00	AAREAL BANK AG FL.R 14-XX 30/04A	EUR	2,151,018.48	6.34
200,000.00	ALLIANZ SE FL.R 20-49 31/12A	EUR	199,762.00	0.59
200,000.00	COMMERZBANK AG FL.R 20-XX XX/XXA	EUR	206,187.00	0.61
400,000.00	COMMERZBANK AG FL.R 20-99 31/12A	EUR	226,824.00	0.67
400,000.00	DEUT PFANDBRIEF FL.R 18-XX XX/XXA	EUR	428,296.00	1.25
400,000.00	DEUTSCHE BANK AG FL.R 14-XX 30/04A	USD	403,110.00	1.19
200,000.00	GRENKE AG FL.R 5.375 19-XX XX/XXA	EUR	311,449.48	0.92
200,000.00	LANDESBANK BADEN-WUER FL.R 19-XX XX/XXA	EUR	175,562.00	0.52
300,000.00	AIB GROUP PLC FL.R 20-49 31/12S	EUR	199,828.00	0.59
<i>Ireland</i>				
300,000.00	AIB GROUP PLC FL.R 20-49 31/12S	EUR	676,441.50	2.00
300,000.00	BANK OF IRELAND FL.R 20-XX XX/XXA	EUR	332,497.50	0.98
300,000.00	BANK OF IRELAND FL.R 20-XX XX/XXA	EUR	343,944.00	1.02
<i>Italy</i>				
400,000.00	INTESA SANPAOLO FL.R 5.875 20-99 31/12S	EUR	1,307,768.00	3.86
400,000.00	UNICREDIT SPA FL.R 17-49 03/12S	EUR	449,646.00	1.33
400,000.00	UNIPOLSAI SPA FL.R 20-99 31/12S	EUR	421,864.00	1.24
400,000.00	UNIPOLSAI SPA FL.R 20-99 31/12S	EUR	436,258.00	1.29
<i>Luxembourg</i>				
400,000.00	BANQUE INTERNATIONALE FL.R 5.25 19-XX XX/XXS	EUR	398,960.00	1.18
400,000.00	BANQUE INTERNATIONALE FL.R 5.25 19-XX XX/XXS	EUR	398,960.00	1.18
<i>Spain</i>				
400,000.00	BANCO BILBAO FL.R 20-XX XX/XXQ	EUR	1,487,477.00	4.39
200,000.00	BANCO SANTANDER FL.R 18-XX XX/XXQ	EUR	442,918.00	1.31
400,000.00	BANCO SANTANDER SA FL.R 20-XX 14/01A	EUR	200,735.00	0.59
400,000.00	BANCO SANTANDER SA FL.R 20-XX 14/01A	EUR	401,976.00	1.19
400,000.00	CAIXABANK SA FL.R 20-49 31/12Q	EUR	441,848.00	1.30
<i>Switzerland</i>				
500,000.00	CREDIT SUISSE FL.R 20-99 21/12A	USD	2,105,364.88	6.21
300,000.00	CS GROUP FL.R 19-XX XX/XXS	USD	433,652.08	1.28
700,000.00	CS GROUP REGS FL.R 13-XX 11/12S	USD	273,675.37	0.81
400,000.00	QUINTET PRIVATE BANK FL.R 20-49 31/12S	EUR	637,746.31	1.87
400,000.00	QUINTET PRIVATE BANK FL.R 20-49 31/12S	EUR	405,834.00	1.20

AXIOM LUX - AXIOM CONTINGENT CAPITAL

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
200,000.00	UBS AG FL.R 20-XX 29/07A	USD	175,108.50	0.52
200,000.00	UBS GROUP FUNDING FL.R 19-99 31/07S	USD	179,348.62	0.53
<i>The Netherlands</i>				
600,000.00	ABN AMRO BANK FL.R 17-49 01/12S	EUR	643,995.00	1.90
300,000.00	ACHMEA BV FL.R 19-XX XX/XXS	EUR	322,951.50	0.95
200,000.00	ASR NEDERLAND FL.R 17-XX 19/10S	EUR	216,955.00	0.64
800,000.00	ING GROUP CV SUB FL.R 15-XX 16/10S	USD	721,235.75	2.13
500,000.00	NIBC BANK NV FL.R 17-XX XX/XXS	EUR	506,625.00	1.49
400,000.00	RABOBANK FL.R 20-XX 29/06S	EUR	443,362.00	1.31
1,050,500.00	RABOBANK STACK FL.R 13-XX 29/03Q	EUR	1,394,612.29	4.10
200,000.00	VAN LANSCH KEMP WM FL.R 19-XX XX/XXS	EUR	209,496.00	0.62
250,000.00	VIVAT FL.R 18-XX XX/XXS	EUR	280,183.75	0.83
<i>United Kingdom</i>				
300,000.00	BARCLAYS PLC FL.R 19-XX 15/03Q	GBP	362,951.07	1.07
300,000.00	COVENTRY BUILDING SO FL.R 19-99 31/12S	GBP	371,040.11	1.09
1,000,000.00	HSBC HOLDING SUB FL.R 17-XX 04/07S	EUR	1,117,165.00	3.30
300,000.00	NATIONWIDE BUILDING FL.R 20-99 31/12S	GBP	367,361.74	1.08
200,000.00	STANDARD CHARTERED FL.R 20-XX XX/XXS	USD	174,929.51	0.52
Shares/Units of UCITS/UCIS			3,171,752.72	9.36
Units in investment funds			3,171,752.72	9.36
<i>Luxembourg</i>				
19.00	UC AXIOM GL COCO BDS UCITS ETF INS EUR H	EUR	2,184,068.24	6.45
9.00	UC AXIOM GL COCO BDS UCITS ETF INT EUR H	EUR	987,684.48	2.91
Total securities portfolio			32,657,998.89	96.33

AXIOM LUX - AXIOM CONTINGENT CAPITAL

Statement of Operations and Changes in Net Assets from 01/01/2020 to 31/12/20

Expressed in EUR

Income		1,481,289.87
Net interest on bonds	Note 2	1,466,175.01
Bank interest on cash accounts		384.39
Other financial income		1,525.51
Interest on total return swaps / credit default swaps		13,204.96
Expenses		309,695.28
Amortisation of formation expenses	Note 2	826.45
Management Company fees	Note 4	212,980.60
Depositary fees	Note 5	6,889.47
Taxe d'abonnement	Note 3	3,032.23
Administration fees	Note 5	6,735.63
Domiciliation fees		1,053.40
Professional fees		3,812.50
Bank interest on overdrafts		8,152.36
Legal fees		343.25
Transaction fees	Note 6	14,517.93
Interest on total return swaps / credit default swaps		43,220.81
Other expenses	Note 7	8,130.65
Net income from investments		1,171,594.59
Net realised profit / loss on:		
- sales of investment securities		1,424,418.12
- forward foreign exchange contracts		479,474.54
- financial futures		92,990.61
- swaps		160,356.59
- foreign exchange		-215,740.82
Net realised profit		3,113,093.63
Movement in net unrealised appreciation / depreciation on:		
- securities	Note 2	872,045.73
- options	Note 2	3,014.00
- forward foreign exchange contracts	Note 2	114,081.45
- financial futures	Note 2	-73,400.86
- swaps	Note 2	-128,708.11
Increase in net assets as a result of operations		3,900,125.84
Subscription capitalisation shares		22,523,661.42
Redemption capitalisation shares		-19,046,383.15
Increase in net assets		7,377,404.11
Net assets at the beginning of the year		26,526,302.57
Net assets at the end of the year		33,903,706.68

AXIOM LUX
- AXIOM EQUITY

AXIOM LUX - AXIOM EQUITY
Financial Statements as at 31/12/2020

Statement of Net Assets as at 31/12/2020

Expressed in EUR

Assets			22,505,668.71
Securities portfolio at market value	Note 2	19,676,875.80	
<i>Cost price</i>		<i>17,373,578.41</i>	
<i>Unrealised profit on the securities portfolio</i>		<i>2,303,297.39</i>	
Cash at banks and liquidities		2,708,870.03	
Formation expenses	Note 2	805.47	
Subscriptions receivable		54,167.41	
Unrealised net appreciation on financial futures	Note 2	64,950.00	
Liabilities			1,942,585.95
Bank overdrafts		65,015.66	
Brokers payable		1,399,305.09	
Administration fees payable	Note 5	436.80	
Performance fees payable	Note 4	238,272.39	
Redemptions payable		195,536.98	
Unrealised net depreciation on forward foreign exchange contracts	Note 2	5,395.16	
Management Company fees payable	Note 4	34,621.34	
Depositary fees payable	Note 5	1,163.35	
Other liabilities		2,839.18	
Net asset value			20,563,082.76

Changes in number of shares outstanding from 01/01/2020 to 31/12/2020

	Shares outstanding as at 01/01/2020	Shares issued	Shares redeemed	Shares outstanding as at 31/12/2020
C - EUR - Capitalisation	2,519.4438	7,209.9879	325.7543	9,403.6774
R - EUR - Capitalisation	7,936.4071	13,174.3265	8,543.6455	12,567.0881
Z - EUR - Capitalisation	0.0000	2,500.0000	580.0000	1,920.0000

AXIOM LUX - AXIOM EQUITY

Key figures

	<i>Year ending as at:</i>	31/12/20	31/12/19
Total Net Assets	EUR	20,563,082.76	7,931,354.61
C - EUR - Capitalisation			
Number of shares		9,403.6774	2,519.4438
Net asset value per share	EUR	802.33	750.94
R - EUR - Capitalisation			
Number of shares		12,567.0881	7,936.4071
Net asset value per share	EUR	809.08	760.98
Z - EUR - Capitalisation			
Number of shares		1,920.0000	0.0000
Net asset value per share	EUR	1,484.66	0.00

AXIOM LUX - AXIOM EQUITY

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			19,676,875.80	95.69
Shares			19,676,875.80	95.69
<i>Austria</i>				
24,371.00	ADDIKO BANK - BEARER SHS	EUR	1,466,465.11	7.13
25,119.00	ERSTE GROUP BANK AG	EUR	213,246.25	1.04
37,575.00	RAIFFEISEN BANK	EUR	626,467.86	3.05
<i>Belgium</i>				
15,482.00	AGEAS NOM	EUR	626,751.00	3.04
11,580.00	KBC GROUPE SA	EUR	1,338,007.96	6.51
<i>Denmark</i>				
64,184.00	DANSKE BANK	DKK	674,705.56	3.28
<i>France</i>				
16,133.00	BNP PARIBAS SA	EUR	663,302.40	3.23
42,081.00	CNP ASSURANCES	EUR	867,893.19	4.22
48,698.00	CREDIT AGRICOLE SA	EUR	867,893.19	4.22
176,145.00	NATIXIS SA	EUR	3,493,287.12	16.98
73,400.00	SOCIETE GENERALE SA	EUR	695,412.97	3.38
<i>Ireland</i>				
438,616.00	AIB GRP - REGISTERED	EUR	554,627.58	2.70
10,548.00	PERMANENT TSB GROUP HOLDINGS PLC	EUR	502,563.36	2.44
<i>Italy</i>				
45,110.00	BANCA IFIS SPA	EUR	491,268.41	2.39
140,538.00	SOCIETA CATTOLICA DI ASSICURAZIONI SCARL	EUR	1,249,414.80	6.07
253,906.00	UGF	EUR	746,405.88	3.63
93,398.00	UNICREDIT SPA REGS	EUR	737,313.50	3.59
<i>Slovenia</i>				
59,032.00	NOVA LJUBLJANSKA BANKA D.D.	EUR	9,092.38	0.04
<i>South Africa</i>				
672,701.00	OLD MUTUAL -REGISTERED SHS	GBP	2,765,471.88	13.45
<i>Spain</i>				
3,811,247.00	BANCO SABADELL REG.SHS	EUR	413,884.25	2.01
368,212.00	BANCO SANTANDER SA REG SHS	EUR	644,507.27	3.13
<i>Sweden</i>				
91,494.00	SVENSKA HANDELSBANKEN AB-A-	SEK	992,772.46	4.84
<i>The Netherlands</i>				
181,180.00	ABN AMRO GROUP DEP RECEIPT	EUR	714,307.90	3.47
11,963.00	ASR NEDERLAND NV	EUR	531,288.00	2.58
<i>United Kingdom</i>				
367,612.00	BARCLAYS PLC	GBP	448,367.13	2.18
68,491.00	BEAZLEY PLC	GBP	448,367.13	2.18
2,042,540.00	LLOYDS BANKING GROUP PLC	GBP	2,283,703.50	11.11
760,720.00	NATWEST GROUP PLC - REGISTERED SHS	GBP	1,349,181.44	6.57
12.00	SECURE TRUST BANK PLC	GBP	934,522.06	4.54
Total securities portfolio			19,676,875.80	95.69

AXIOM LUX - AXIOM EQUITY

Statement of Operations and Changes in Net Assets from 01/01/2020 to 31/12/20

Expressed in EUR

Income		77,731.86
Net dividends	Note 2	70,779.76
Bank interest on cash accounts		5.06
Other financial income		6,606.43
Interest on total return swaps / credit default swaps		340.61
Expenses		679,535.12
Amortisation of formation expenses	Note 2	201.95
Management Company fees	Note 4	205,244.59
Depositary fees	Note 5	2,844.73
Taxe d'abonnement	Note 3	2,887.78
Administration fees	Note 5	1,468.37
Performance fees	Note 4	237,986.16
Domiciliation fees		286.32
Professional fees		54.17
Bank interest on overdrafts		7,422.57
Legal fees		64.97
Transaction fees	Note 6	179,782.06
Other expenses	Note 7	41,291.45
Net loss from investments		-601,803.26
Net realised profit / loss on:		
- sales of investment securities		1,458,922.95
- forward foreign exchange contracts		-84,606.14
- financial futures		1,791,358.00
- swaps		-273,232.69
- foreign exchange		-33,084.29
Net realised profit		2,257,554.57
Movement in net unrealised appreciation / depreciation on:		
- securities	Note 2	1,816,825.04
- forward foreign exchange contracts	Note 2	-12,200.25
- financial futures	Note 2	62,440.00
- swaps	Note 2	-106,680.92
Increase in net assets as a result of operations		4,017,938.44
Subscription capitalisation shares		15,088,358.57
Redemption capitalisation shares		-6,474,568.86
Increase in net assets		12,631,728.15
Net assets at the beginning of the year		7,931,354.61
Net assets at the end of the year		20,563,082.76

AXIOM LUX
- AXIOM OPTIMAL FIX

AXIOM LUX - AXIOM OPTIMAL FIX
Financial Statements as at 31/12/2020

Statement of Net Assets as at 31/12/2020

Expressed in EUR

Assets		307,477,198.03
Securities portfolio at market value	Note 2	277,703,611.46
<i>Cost price</i>		275,643,639.66
<i>Unrealised profit on the securities portfolio</i>		2,059,971.80
Cash at banks and liquidities		23,525,383.52
Interest receivable		3,780,783.28
Formation expenses	Note 2	26,568.27
Brokers receivable		527,760.85
Subscriptions receivable		380,434.65
Dividends receivable		11,793.71
Unrealised net appreciation on forward foreign exchange contracts	Note 2	1,406,703.86
Unrealised net appreciation on financial futures	Note 2	114,158.43
Liabilities		6,825,763.28
Options sold at market value		24,714.00
<i>Options sold at cost</i>		51,840.00
Bank overdrafts		1,793,932.47
Administration fees payable	Note 5	6,375.35
Redemptions payable		462,576.06
Unrealised net depreciation on swaps	Note 2	4,175,732.12
Management Company fees payable	Note 4	251,542.63
Depositary fees payable	Note 5	6,223.37
Other liabilities		104,667.28
Net asset value		300,651,434.75

Changes in number of shares outstanding from 01/01/2020 to 31/12/2020

	Shares outstanding as at 01/01/2020	Shares issued	Shares redeemed	Shares outstanding as at 31/12/2020
B - USD - Capitalisation	16,084.4176	1,361.3555	3,915.2628	13,530.5103
C - EUR - Capitalisation	117,511.2969	35,745.2728	59,203.9703	94,052.5994
H - EUR - Capitalisation	83,742.6789	28,740.0000	3,472.0000	109,010.6789
R - EUR - Capitalisation	14,231.8181	4,950.9960	5,411.7937	13,771.0204
R - USD - Capitalisation	100.0000	28.0000	48.0000	80.0000
Z - EUR - Capitalisation	54.0000	0.0000	0.0000	54.0000
CHF - Capitalisation	8,174.6074	1,264.7583	872.9509	8,566.4148

AXIOM LUX - AXIOM OPTIMAL FIX

Changes in number of shares outstanding from 01/01/2020 to 31/12/2020

	Shares outstanding as at 01/01/2020	Shares issued	Shares redeemed	Shares outstanding as at 31/12/2020
D - EUR - Distribution	26,557.3092	17,054.1419	51.0000	43,560.4511

AXIOM LUX - AXIOM OPTIMAL FIX

Key figures

	<i>Year ending as at:</i>	31/12/20	31/12/19
Total Net Assets	EUR	300,651,434.75	283,939,525.63
B - USD - Capitalisation			
Number of shares		13,530.5103	16,084.4176
Net asset value per share	USD	1,217.99	1,172.37
C - EUR - Capitalisation			
Number of shares		94,052.5994	117,511.2969
Net asset value per share	EUR	1,162.48	1,136.74
H - EUR - Capitalisation			
Number of shares		109,010.6789	83,742.6789
Net asset value per share	EUR	1,039.81	1,015.77
R - EUR - Capitalisation			
Number of shares		13,771.0204	14,231.8181
Net asset value per share	EUR	1,060.47	1,042.18
R - USD - Capitalisation			
Number of shares		80.0000	100.0000
Net asset value per share	USD	1,123.60	1,088.65
Z - EUR - Capitalisation			
Number of shares		54.0000	54.0000
Net asset value per share	EUR	1,124.94	1,089.43
CHF - Capitalisation			
Number of shares		8,566.4148	8,174.6074
Net asset value per share	CHF	1,061.03	1,040.69
D - EUR - Distribution			
Number of shares		43,560.4511	26,557.3092
Net asset value per share	EUR	949.40	967.06
Dividend per share		38.25	41.12

AXIOM LUX - AXIOM OPTIMAL FIX

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			244,717,981.53	81.40
Shares			18,060,046.28	6.01
<i>Belgium</i>				
20,317.00	KBC GROUPE SA	EUR	1,163,757.76	0.39
<i>France</i>				
27,539.00	BNP PARIBAS SA	EUR	2,364,752.69	0.79
69,186.00	SOCIETE GENERALE SA	EUR	1,177,684.09	0.39
<i>Ireland</i>				
758,664.00	AIB GRP - REGISTERED	EUR	1,275,314.18	0.42
<i>The Netherlands</i>				
146,776.00	ING GROUP NV	EUR	1,121,515.42	0.37
<i>United Kingdom</i>				
750,000.00	AVIVA PLC PREF 8.75 92- PERPETUAL	GBP	8,475,719.89	2.82
87,215.00	HSBC HLDGS PFD ADR REP 1/40TH 6.2% -A-	USD	1,332,253.38	0.44
458,000.00	LLOYDS BANKING GROUP PREF	GBP	1,791,273.71	0.60
788,000.00	NATIONAL WESTMINSTER BK 9 NON CUM PRF-A-	GBP	763,162.78	0.25
788,000.00	NATIONAL WESTMINSTER BK 9 NON CUM PRF-A-	GBP	1,415,160.32	0.47
830,000.00	SANTANDER UK 10.375 PREF SHS	GBP	1,511,451.23	0.50
125,000.00	STANDARD CHARTERED 7.375 CON CUM PREF	GBP	171,768.52	0.06
966,170.00	STD CHART 8.25% CON-CUM IRR PFD REG SHS	GBP	1,490,649.95	0.50
<i>United States of America</i>				
14,615.00	ALLIED CAP PFDS 6.875 PREF SHS	USD	3,658,986.34	1.22
14,277.00	ASSURED GUARANTY MUNI 6.25 PFD SHS	USD	321,194.35	0.11
14,277.00	ASSURED GUARANTY MUNI 6.25 PFD SHS	USD	300,930.76	0.10
35,242.00	CITIGROUP INC	USD	736,206.55	0.24
18,866.00	FIRST HORIZON CORPORATION	USD	409,993.00	0.14
50,000.00	GENERAL ACCIDENT PLC 8.875 % S	GBP	86,861.80	0.03
40,000.00	GMAC CAPITAL TRUST S.2 (8.5 % DVD)	USD	884,312.04	0.30
40,000.00	PNC FINANCIAL SERVICES (PFD) 6.125	USD	875,485.27	0.29
2,099.00	TRUIST DEP REPR 5.20 NON CUM PREF SER.F	USD	44,002.57	0.01
Bonds			133,759,860.26	44.49
<i>Austria</i>				
1,000,000.00	LENZING AG 5.75 20-XX XX/XXA	EUR	2,129,970.00	0.71
1,000,000.00	RAIFFEISEN LB NIEDER 5.875 13-23 27/11A	EUR	1,027,480.00	0.34
1,000,000.00	RAIFFEISEN LB NIEDER 5.875 13-23 27/11A	EUR	1,102,490.00	0.37
<i>Bermuda</i>				
1,102.00	PARTNERRE LTD 5.8750 16-XX XX/XXQ	USD	22,917.57	0.01
1,102.00	PARTNERRE LTD 5.8750 16-XX XX/XXQ	USD	22,917.57	0.01
<i>France</i>				
8,100,000.00	AXA SA 5.50 13-XX 22/01S	USD	18,286,708.51	6.08
5,490,000.00	BNP PARIBAS 6.50 07-XX 06/06Q	USD	6,694,987.13	2.22
2,000,000.00	FIMALAC SA ZCP 090221	EUR	4,568,381.76	1.52
2,000,000.00	FIMALAC SA ZCP 090221	EUR	2,000,275.59	0.67
5,800,000.00	LA POSTE 5.3 16-43 01/12S	USD	5,023,064.03	1.67
<i>Germany</i>				
1,000,000.00	AAREAL BANK 4.25 14-26 18/03A	EUR	76,840,420.43	25.56
1,000,000.00	AAREAL BANK 4.25 14-26 18/03A	EUR	1,004,500.00	0.33
9,800,000.00	ALLIANZ SE 5.50 12-XX 26/09S	USD	8,064,746.02	2.68
2,000,000.00	DEUT PFANDBRIEFBANK 4.60 17-27 22/02A	EUR	2,053,820.00	0.68
20,000,000.00	GERMANY 3.25 11-21 04/07A	EUR	20,394,500.00	6.79
40,000,000.00	GERMANY 2.50 10-21 04/01A	EUR	40,017,400.00	13.32
1,931,000.00	IKB DEUTSCHLAND 4.50 17-22 23/07A	EUR	1,967,650.38	0.65
1,500,000.00	MUNICH RE 6.25 12-42 26/05A	EUR	1,628,752.50	0.54
2,000,000.00	NORDDEUTSCHE LBK 6.250 14-24 10/04Q	USD	1,709,051.53	0.57
<i>Ireland</i>				
730,000.00	BANK OF IRELAND 13.375 91-XX XX/XXS	GBP	9,724,442.92	3.23
730,000.00	BANK OF IRELAND 13.375 91-XX XX/XXS	GBP	1,692,269.02	0.56
2,033,000.00	BANK OF IRELAND GROUP 10.00 12-22 19/12A	EUR	2,414,390.80	0.80
4,415,000.00	CLOVERIE PLC ZURICH 4.75 16-XX 20/01S	USD	3,696,198.10	1.22
500,000.00	GRENKE FINANCE 1.5 18-23 05/10A	EUR	474,135.00	0.16
1,000,000.00	GRENKE FINANCE 1.6250 19-24 05/04A	EUR	947,920.00	0.32
500,000.00	PERMANENT TSB GROUP 2.125 19-24 26/09A	EUR	499,530.00	0.17
<i>Italy</i>				
500,000.00	INTESA SANPAOLO 5.1480 20-30 10/06S	GBP	655,083.23	0.22
500,000.00	INTESA SANPAOLO 5.1480 20-30 10/06S	GBP	655,083.23	0.22
<i>Jersey Island</i>				
1,000,000.00	LHC THREE PLC 4.125 17-24 15/08S	EUR	13,374,069.68	4.45
1,000,000.00	LHC THREE PLC 4.125 17-24 15/08S	EUR	1,019,720.00	0.34
5,828,000.00	MAIN CAPITAL FUNDING 5.50 05-49 30/06A	EUR	5,983,141.36	1.99
6,208,000.00	MAIN CAPITAL FUNDING 5.75 06-XX 30/06A	EUR	6,371,208.32	2.12
<i>Luxembourg</i>				
1,000,000.00	GAZ CAPITAL 3.60 14-21 26/02A	EUR	1,006,190.00	0.33
1,000,000.00	GAZ CAPITAL 3.60 14-21 26/02A	EUR	1,006,190.00	0.33

AXIOM LUX - AXIOM OPTIMAL FIX

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
	<i>Poland</i>		<i>804,820.00</i>	<i>0.27</i>
800,000.00	SANTANDER BANK POLSKA 0.75 18-21 20/09A	EUR	804,820.00	0.27
	<i>Sweden</i>		<i>993,195.00</i>	<i>0.33</i>
1,000,000.00	INTRUM AB 3.5000 19-26 15/07S	EUR	993,195.00	0.33
	<i>The Netherlands</i>		<i>1,770,000.00</i>	<i>0.59</i>
600,000.00	NIB CAPITAL BANK 0.00 03-43 10/02U	EUR	1,770,000.00	0.59
	<i>United Kingdom</i>		<i>3,823,834.50</i>	<i>1.27</i>
1,000,000.00	HBOS PLC 5.374 07-21 30/06A	EUR	1,025,955.00	0.34
28,467.00	PRUDENTIAL 6.5 05-XX 31/12/Q	USD	672,152.04	0.22
1,600,000.00	PRUDENTIAL 5.25 13-XX 23/03Q	USD	1,323,041.97	0.44
34,553.00	PRUDENTIAL PLC 6.75 04-49 23/09Q	USD	802,685.49	0.27
	<i>United States of America</i>		<i>4,328,208.42</i>	<i>1.44</i>
37,316.00	AEGON FUNDING 5.10 19-49 15/12Q	USD	839,086.45	0.28
1,000,000.00	AMERICAN INTL SUB A6 8.175 09-58 15/05S	USD	1,197,741.40	0.40
60,000.00	CITIGROUP CAP XIII 7.875 10-40 30/10Q	USD	1,396,886.11	0.46
39,701.00	UNUMPROVIDENT 6.25 18-58 15/06Q	USD	894,494.46	0.30
	Convertible bonds		1,149,122.00	0.38
	<i>France</i>		<i>1,149,122.00</i>	<i>0.38</i>
4,000.00	UNIBAIL RODAMCO CV 0.00 14-21 01/07U	EUR	1,149,122.00	0.38
	Floating rate bonds		91,748,952.99	30.52
	<i>Australia</i>		<i>2,028,120.00</i>	<i>0.67</i>
2,000,000.00	BHP BILLITON FL.R 4.75 15-76 22/04A	EUR	2,028,120.00	0.67
	<i>Austria</i>		<i>1,004,995.00</i>	<i>0.33</i>
1,000,000.00	VOLKSBANK WIEN FL.R 17-27 06/10A	EUR	1,004,995.00	0.33
	<i>Cayman Islands</i>		<i>560,110.01</i>	<i>0.19</i>
103,000.00	BA-CA FINANCE SUB. FL.R 04-XX 28/10S	EUR	95,670.01	0.03
500,000.00	BA-CA FINANCE SUB. FL.R 05-XX 22/03A	EUR	464,440.00	0.16
	<i>Finland</i>		<i>1,670,496.00</i>	<i>0.56</i>
1,600,000.00	MUNICIPALITY FIN C FL.R 15-49 01/04A	EUR	1,670,496.00	0.56
	<i>France</i>		<i>31,010,705.54</i>	<i>10.32</i>
1,041,000.00	AXA PERPETUAL SUB. FL.R 04-XX 29/04A	EUR	1,049,317.59	0.35
3,317,000.00	AXA SA SUB -20- FL.R 05-49 29/01A	EUR	3,341,977.01	1.11
2,467,000.00	AXA SUB FL.R 04-XX 29/12A	EUR	2,503,400.59	0.83
8,285,000.00	CNP ASSURANCES FL.R 05-XX 11/03A	EUR	8,325,140.83	2.78
700,000.00	CNP ASSURANCES FL.R 11-41 30/09A	EUR	736,403.50	0.24
1,600,000.00	CREDIT LOGEMENT SUB FL.R 06-XX 16/03A	EUR	1,447,432.00	0.48
2,000,000.00	EDF FL.R 20-XX XX/XXA	EUR	2,186,020.00	0.73
2,900,000.00	LA MONDIAL PERPETUAL FL.R 06-49 15/11Q	EUR	2,770,007.50	0.92
6,312,000.00	NATEXIS BANQUE POP FL.R 05-XX 25/01A	EUR	6,359,876.52	2.12
2,000,000.00	SOLVAY FINANCE SUB FL.R 15-XX 03/06A	EUR	2,291,130.00	0.76
	<i>Germany</i>		<i>10,690,823.79</i>	<i>3.56</i>
2,000,000.00	COMMERZBANK AG FL.R 18-28 18/09S	SGD	1,237,647.64	0.41
800,000.00	COMMERZBANK AG FL.R 20-30 05/12A	EUR	877,132.00	0.29
1,700,000.00	DEUTSCHE BANK AG FL.R 20-31 19/05A	EUR	1,970,572.00	0.66
6,610,000.00	DEUTSCHE POSTBANK SUB.FL.R 04-XX 23/12A	EUR	6,605,472.15	2.20
	<i>Hungary</i>		<i>3,486,202.96</i>	<i>1.16</i>
2,000,000.00	OTP BANK NYRT FL.R 19-29 15/07A	EUR	2,038,570.00	0.68
1,632,000.00	OTP BANK REGS SUB FL.R 06-XX 07/11Q	EUR	1,447,632.96	0.48
	<i>Iceland</i>		<i>583,131.81</i>	<i>0.19</i>
6,000,000.00	ISLANDSBANKI HF. FL.R 19-29 26/06Q	SEK	583,131.81	0.19
	<i>Ireland</i>		<i>1,066,790.00</i>	<i>0.35</i>
1,000,000.00	AIB GROUP PLC FL.R 20-31 30/05A	EUR	1,066,790.00	0.35
	<i>Italy</i>		<i>860,300.00</i>	<i>0.29</i>
800,000.00	ENI SPA FL.R 20-49 31/12A	EUR	860,300.00	0.29
	<i>Jersey Island</i>		<i>1,523,698.56</i>	<i>0.51</i>
130,000.00	DZ BANK PERP FDG FL.R 06-XX XX/XXQ	EUR	115,830.00	0.04
1,512,000.00	RZB FINANCE SUB FL.R 04-XX 15/06S	EUR	1,407,868.56	0.47
	<i>Slovenia</i>		<i>1,125,000.00</i>	<i>0.37</i>
1,000,000.00	NOVA LJUBLJANSK FL.R 20-30 05/02A	EUR	937,500.00	0.31
200,000.00	NOVA LJUBLJANSKA BANKA FL.R 19-29 19/11A	EUR	187,500.00	0.06
	<i>Spain</i>		<i>2,156,000.00</i>	<i>0.72</i>
2,000,000.00	BANCO MARE NOSTRUM FL.R 16-26 16/11A	EUR	2,156,000.00	0.72

AXIOM LUX - AXIOM OPTIMAL FIX

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
<i>Switzerland</i>				
1,889,000.00	UBS AG SUB FL.R 14-26 12/02A	EUR	1,902,081.33	0.63
<i>The Netherlands</i>				
1,900,000.00	DELTA LLOYD LEVENSV FL.R 12-42 29/08A	EUR	2,179,642.00	0.72
<i>United Kingdom</i>				
3,686,000.00	COFINOGA FDING TWO FL.R 04-49 15/01Q	EUR	10,963,747.87	3.65
1,000,000.00	J SAINSBURY PLC FL.R 15-49 30/01S	GBP	3,289,755.00	1.09
2,039,000.00	NATL WESTMINS.BK SUB.FL.R 99-XX 31/12A	EUR	1,135,342.42	0.38
2,019,000.00	PRUDENTIAL SUB FL.R 13-63 19/12S	GBP	1,984,354.80	0.66
400,000.00	ROYAL BK OF SCOTLAND FL.R 07-22 14/06A	EUR	2,995,850.00	1.00
1,100,000.00	STANDARD CHART REGS FL.R 7.014 07-XX 30/01S	USD	391,392.00	0.13
<i>United States of America</i>				
500,000.00	ALLFIRST PFD CAP TR FL.R 99-XX 31/12Q	USD	1,167,053.65	0.39
1,000,000.00	AMERICAN EXPRESS -B- FL.R 14-XX 15/11S	USD	18,937,108.12	6.30
1,000,000.00	BANK OF NY MELLON CORP FL.R 15-49 20/12Q	USD	367,782.28	0.12
1,000,000.00	CITIGROUP CAP XVIII FL.R 07-67 28/06S	GBP	810,767.85	0.27
334,000.00	DZ BANK CAP FDG REGD FL.R 03-49 11/11Q	EUR	818,111.23	0.27
2,335,000.00	DZ BANK CAP FDG REGD FL.R 04-XX 22/02Q	EUR	1,021,533.90	0.34
2,171,000.00	DZ BANK CAPITAL FUND FL.R 05-99 31/12Q	EUR	334,387.44	0.11
1,000,000.00	GS CAPITAL II FL.R 07-XX 01/12Q	USD	2,270,635.73	0.76
2,135,000.00	HSB GROUP INC FL.R 97-27 15/07Q	USD	2,096,252.47	0.70
1,000,000.00	ILFC E CAP TR II FL.R 05-65 21/12Q	USD	796,571.45	0.26
2,380,000.00	ILFC E-CAPITAL 144A FL.R 05-65 21/12Q	USD	1,587,879.53	0.53
298,000.00	JPM CHASE FL.R 08-XX 29/04Q	USD	570,062.53	0.19
1,700,000.00	JPMORGAN CHASE FL.R 17-37 02/02Q	USD	1,298,394.02	0.43
2,000,000.00	LIBERTY MUTUAL GROUP FL.R 19-59 23/05A	EUR	241,735.46	0.08
1,000,000.00	MORGAN STANLEY SUB FL.R 15-XX 15/07Q	USD	1,194,015.37	0.40
2,000,000.00	REINSURANCE GROUP FL.R 05-65 15/12Q	USD	2,064,250.00	0.69
1,900,000.00	USB REALTY FL.R 06-XX 31/12Q	USD	817,506.44	0.27
			1,440,480.56	0.48
			1,206,741.86	0.40
Other transferable securities			0.00	0.00
Bonds			0.00	0.00
<i>Spain</i>				
993,000.00	BCO POLULAR ESPANOL 8.00 11-21 29/07Q	EUR	0.00	0.00
Shares/Units of UCITS/UCIS			28,985,699.92	9.64
Units in investment funds			28,985,699.92	9.64
<i>France</i>				
50.00	UNION + - C CAP	EUR	9,475,793.50	3.15
<i>Ireland</i>				
26,045.00	INVESCO MARKETS II-INVESCO PREFERRED SH	USD	9,475,793.50	3.15
<i>Luxembourg</i>				
4,309.60	AXIOM CONTINGENT CAPITAL Z EUR	EUR	431,848.26	0.14
1,420.00	AXIOM EUROPEAN BANKS EQUITY Z EUR	EUR	431,848.26	0.14
7,500.00	AXIOM LONG SHORT CREDIT Z EUR	EUR	19,078,058.16	6.35
3,551.46	AXIOM OPTIMAL CRITERIA C EUR	EUR	5,843,389.35	1.94
Money market instruments			2,114,507.80	0.70
Bonds			3,999,930.01	1.33
<i>France</i>				
2,000,000.00	ITM ENTREPRISES ZCP 080221	EUR	3,999,930.01	1.33
2,000,000.00	SOFIPROTEOL. ZCP 220221	EUR	1,999,877.51	0.67
Total securities portfolio			277,703,611.46	92.37

AXIOM LUX - AXIOM OPTIMAL FIX

Statement of Operations and Changes in Net Assets from 01/01/2020 to 31/12/20

Expressed in EUR

Income		10,876,787.30
Net dividends	Note 2	927,725.78
Net interest on bonds	Note 2	9,303,171.63
Bank interest on cash accounts		5,459.71
Other financial income		953.68
Interest on total return swaps / credit default swaps		639,476.50
Expenses		4,590,753.20
Amortisation of formation expenses	Note 2	7,623.14
Management Company fees	Note 4	2,903,745.93
Depositary fees	Note 5	78,759.91
Taxe d'abonnement	Note 3	81,399.93
Administration fees	Note 5	61,431.35
Domiciliation fees		9,267.42
Professional fees		58,374.83
Bank interest on overdrafts		59,257.97
Legal fees		2,759.20
Transaction fees	Note 6	107,947.18
Interest on total return swaps / credit default swaps		1,156,479.73
Other expenses	Note 7	63,706.61
Net income from investments		6,286,034.10
Net realised profit / loss on:		
- sales of investment securities		905,297.35
- forward foreign exchange contracts		3,617,365.14
- financial futures		-1,526,848.88
- swaps		3,863,000.35
- foreign exchange		-1,281,640.76
Net realised profit		11,863,207.30
Movement in net unrealised appreciation / depreciation on:		
- securities	Note 2	-3,841,605.05
- options	Note 2	27,126.00
- forward foreign exchange contracts	Note 2	1,633,883.83
- financial futures	Note 2	-161,401.22
- swaps	Note 2	-4,190,066.74
Increase in net assets as a result of operations		5,331,144.12
Dividends paid	Note 9	-1,624,571.25
Subscription capitalisation shares		77,278,437.64
Subscription distribution shares		16,038,198.24
Redemption capitalisation shares		-80,265,623.96
Redemption distribution shares		-45,675.67
Increase in net assets		16,711,909.12
Net assets at the beginning of the year		283,939,525.63
Net assets at the end of the year		300,651,434.75

AXIOM LUX
- AXIOM OBLIGATAIRE

AXIOM LUX - AXIOM OBLIGATAIRE
Financial Statements as at 31/12/2020

Statement of Net Assets as at 31/12/2020

Expressed in EUR

Assets			211,495,440.06
Securities portfolio at market value	Note 2		198,724,694.53
<i>Cost price</i>			191,654,189.78
<i>Unrealised profit on the securities portfolio</i>			7,070,504.75
Cash at banks and liquidities			8,912,113.42
Interest receivable			2,794,374.38
Formation expenses	Note 2		42,869.05
Subscriptions receivable			1,021,388.68
Liabilities			2,072,238.70
Administration fees payable	Note 5		4,433.05
Performance fees payable	Note 4		905,459.95
Redemptions payable			43,652.40
Unrealised net depreciation on forward foreign exchange contracts	Note 2		623,980.66
Unrealised net depreciation on swaps	Note 2		138,438.14
Management Company fees payable	Note 4		314,464.50
Depositary fees payable	Note 5		4,327.67
Other liabilities			37,482.33
Net asset value			209,423,201.36

Changes in number of shares outstanding from 01/01/2020 to 31/12/2020

	Shares outstanding as at 01/01/2020	Shares issued	Shares redeemed	Shares outstanding as at 31/12/2020
BC - USD - Capitalisation	1,700.1817	734.2131	592.9874	1,841.4074
C - EUR - Capitalisation	51,972.6765	5,700.9845	13,676.6041	43,997.0569
E - GBP - Capitalisation	67.0000	0.0000	35.0000	32.0000
G - EUR - Capitalisation	12,501.4095	136.1157	4,428.0000	8,209.5252
I - EUR - Capitalisation	18,329.9224	7,993.0000	5,297.9203	21,025.0021
J - EUR - Capitalisation	32,013.2244	0.0000	17,013.2244	15,000.0000
M - CHF - Capitalisation	896.5335	45.8125	416.5330	525.8130
R - EUR - Capitalisation	13,656.0687	10,131.8213	8,081.2450	15,706.6450
Z - EUR - Capitalisation	757.9967	1,273.0000	895.0000	1,135.9967
D - EUR - Distribution	2,471.0725	12,962.4920	732.0462	14,701.5183

AXIOM LUX - AXIOM OBLIGATAIRE

Key figures

	<i>Year ending as at:</i>	31/12/20	31/12/19
Total Net Assets	EUR	209,423,201.36	214,472,904.77
BC - USD - Capitalisation			
Number of shares		1,841.4074	1,700.1817
Net asset value per share	USD	2,304.87	2,168.02
C - EUR - Capitalisation			
Number of shares		43,997.0569	51,972.6765
Net asset value per share	EUR	2,097.00	2,001.09
E - GBP - Capitalisation			
Number of shares		32.0000	67.0000
Net asset value per share	GBP	2,189.52	2,082.92
G - EUR - Capitalisation			
Number of shares		8,209.5252	12,501.4095
Net asset value per share	EUR	1,156.00	1,091.31
I - EUR - Capitalisation			
Number of shares		21,025.0021	18,329.9224
Net asset value per share	EUR	1,271.16	1,205.79
J - EUR - Capitalisation			
Number of shares		15,000.0000	32,013.2244
Net asset value per share	EUR	1,283.46	1,211.92
M - CHF - Capitalisation			
Number of shares		525.8130	896.5335
Net asset value per share	CHF	1,980.94	1,895.17
R - EUR - Capitalisation			
Number of shares		15,706.6450	13,656.0687
Net asset value per share	EUR	1,930.21	1,850.62
Z - EUR - Capitalisation			
Number of shares		1,135.9967	757.9967
Net asset value per share	EUR	2,382.52	2,220.98
D - EUR - Distribution			
Number of shares		14,701.5183	2,471.0725
Net asset value per share	EUR	1,643.32	1,603.02
Dividend per share		32.76	43.10

AXIOM LUX - AXIOM OBLIGATAIRE

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			182,927,585.30	87.35
Shares			1,628,871.08	0.78
<i>United Kingdom</i>				
907,000.00	NATIONAL WESTMINSTER BK 9 NON CUM PRF-A-	GBP	1,628,871.08	0.78
Bonds			42,398,013.62	20.25
<i>France</i>				
2,500,000.00	ASSURANCES CREDIT 4.625 14-24 04/06A	EUR	17,449,395.65	8.33
500,000.00	BNP PARIBAS 6.50 07-XX 06/06Q	USD	416,063.91	0.20
2,000,000.00	FAURECIA ZCP 070121	EUR	1,999,115.21	0.95
3,000,000.00	FAURECIA ZCP 210421	EUR	2,998,908.71	1.43
3,000,000.00	FIMALAC SA ZCP 090221	EUR	3,000,413.39	1.43
5,943,000.00	QUATRIM 5.8750 19-24 31/01A	EUR	6,186,722.43	2.96
200,000.00	TIKEHAU CAPTIAL SCA 3.00 17-23 27/11A	EUR	210,672.00	0.10
<i>Germany</i>				
2,400,000.00	ADLER REAL ESTATE 1.50 17-21 06/12A	EUR	2,404,188.00	1.15
2,200,000.00	ADLER REAL ESTATE AG 1.50 19-22 17/04A	EUR	2,198,295.00	1.05
2,500,000.00	COMMERZBANK AG 7.75 11-21 16/03A	EUR	2,539,675.00	1.21
<i>Ireland</i>				
1,455,000.00	GRENKE FINANCE PLC 0.625 19-25 09/01A	EUR	1,333,332.90	0.64
<i>Jersey Island</i>				
2,131,000.00	HYBRID CAP.FD.1 SUB 8.00 05-XX 30/06Q	USD	3,591,567.97	1.71
1,400,000.00	LHC THREE PLC 4.125 17-24 15/08S	EUR	1,427,608.00	0.68
2,000,000.00	MAIN CAPITAL FUNDING 5.75 06-XX 30/06A	EUR	2,052,580.00	0.98
<i>Luxembourg</i>				
2,000,000.00	GAZ CAPITAL 3.60 14-21 26/02A	EUR	4,442,926.67	2.12
2,400,000.00	HLD EUROPE 3.85 20-26 23/09A	EUR	2,012,380.00	0.96
<i>Mexico</i>				
1,200,000.00	BANCO SANTANDER 5.375 20-25 17/04S	USD	2,430,546.67	1.16
<i>Spain</i>				
1,300,000.00	CAJA DE SEGUROS 8.00 16-26 17/02A	EUR	1,124,835.11	0.54
<i>United Kingdom</i>				
3,125,000.00	ESURE GROUP PLC 6.75 14-24 19/12S	GBP	1,332,500.00	0.64
2,111,000.00	INTERMEDIATE CA 1.6250 20-27 17/02A	EUR	1,332,500.00	0.64
100,000.00	PARAGON BANKING GROU 6.125 14-22 30/01S	GBP	5,981,297.32	2.86
Convertible bonds			15,705,673.05	7.50
<i>Belgium</i>				
4,500,000.00	FORTIS BK SUB CV FL.R 07-XX 19/12Q	EUR	3,787,492.50	1.81
<i>France</i>				
100,000.00	ELIS SA CV 0.00 17-23 06/10U	EUR	3,787,492.50	1.81
13,000.00	KORIAN SA CV 17-22 06/12S	EUR	10,154,875.15	4.85
12,000.00	KORIAN SA CV 0.875 20-27 06/03A	EUR	3,035,500.00	1.45
3,500,000.00	ORANGE SA CV 0.375 17-21 27/06S	GBP	561,601.60	0.27
2,000,000.00	TECHNIP SA CV 0.875 16-21 25/01S	EUR	655,999.08	0.31
<i>Luxembourg</i>				
1,966,000.00	OPUS SECURITIES CV FL.R 06-49 29/10A	EUR	3,902,044.47	1.87
Floating rate bonds			1,999,730.00	0.95
<i>Belgium</i>				
5,000,000.00	DEXIA FUNDING LUX-DY- FL.R 06-XX 02/11Q	EUR	1,763,305.40	0.84
<i>Cayman Islands</i>				
350,000.00	BA-CA FINANCE SUB. FL.R 04-XX 28/10S	EUR	1,763,305.40	0.84
250,000.00	BA-CA FINANCE SUB. FL.R 05-XX 22/03A	EUR	198,690.82	0.09
<i>Denmark</i>				
1,942,000.00	SAXO BANK AS FL.R 19-XX XX/XXS	EUR	198,690.82	0.09
3,211,000.00	SAXO BANK AS FL.R 19-29 03/07A	EUR	557,312.25	0.27
<i>France</i>				
1,000,000.00	AXA PERPETUAL SUB. FL.R 04-XX 29/04A	EUR	325,092.25	0.16
90,000.00	CREDIT INDUSTRIEL FL.R 90-99 26/12A	EUR	232,220.00	0.11
2,665,000.00	NATEXIS BANQUE POP FL.R 05-XX 25/01A	EUR	5,253,938.85	2.51
<i>Germany</i>				
7,250,000.00	COMMERZBANK AG FL.R 18-28 18/09S	SGD	1,994,773.85	0.95
5,600,000.00	IKB DEUTSCHE INDUSTBK FL.R 18-28 31/01A	EUR	3,259,165.00	1.56
<i>France</i>				
1,000,000.00	AXA PERPETUAL SUB. FL.R 04-XX 29/04A	EUR	3,766,554.03	1.80
90,000.00	CREDIT INDUSTRIEL FL.R 90-99 26/12A	EUR	1,007,990.00	0.48
2,665,000.00	NATEXIS BANQUE POP FL.R 05-XX 25/01A	EUR	73,350.00	0.04
<i>Germany</i>				
7,250,000.00	COMMERZBANK AG FL.R 18-28 18/09S	SGD	2,685,214.03	1.28
5,600,000.00	IKB DEUTSCHE INDUSTBK FL.R 18-28 31/01A	EUR	9,999,056.70	4.77
			4,486,472.70	2.14
			5,512,584.00	2.63

AXIOM LUX - AXIOM OBLIGATAIRE

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
<i>Ireland</i>			<i>9,672,398.36</i>	<i>4.62</i>
2,400,000.00	AIB GROUP PLC FL.R 19-XX XX.XXS	EUR	2,539,812.00	1.21
2,000,000.00	PERMANENT TSB GROUP FL.R 20-49 31/12S	EUR	2,080,480.00	0.99
4,984,000.00	PERMANENT TSB PLC FL.R 15-XX 01/04A	EUR	5,052,106.36	2.42
<i>Italy</i>			<i>12,694,429.50</i>	<i>6.06</i>
4,900,000.00	FINECO BANK SPA CV FL.R 19-XX 03/12S	EUR	5,216,515.50	2.48
2,600,000.00	INTESA SANPAOLO SUB FL.R 7.00 16-21 19/01S	EUR	2,610,010.00	1.25
2,600,000.00	UNICREDIT FL.R 14-XX 10/09S	EUR	2,653,118.00	1.27
2,100,000.00	UNICREDIT SPA FL.R 17-49 03/12S	EUR	2,214,786.00	1.06
<i>Jersey Island</i>			<i>69,834.75</i>	<i>0.03</i>
75,000.00	RZB FINANCE SUB FL.R 04-XX 15/06S	EUR	69,834.75	0.03
<i>Luxembourg</i>			<i>16,529,753.89</i>	<i>7.89</i>
5,250,000.00	AGEASFINLUX SA FL.R 02-XX 29/11Q	EUR	3,708,495.00	1.77
2,209,000.00	ANACAP FIN EU FL.R 17-24 30/07Q	EUR	1,885,447.77	0.90
2,700,000.00	AROUNDTOWN SA FL.R 19-XX XXA	GBP	3,166,369.12	1.51
6,000,000.00	BANQUE INTERNATIONALE FL.R 5.25 19-XX XX/XXS	EUR	5,984,400.00	2.86
1,800,000.00	PROMONTORIA MMB SASU FL.R 19-XX XX/XXS	EUR	1,785,042.00	0.85
<i>Portugal</i>			<i>3,725,220.00</i>	<i>1.78</i>
2,400,000.00	BANCO COMERCIAL PORT FL.R 19-XX XX/XXQ	EUR	2,471,448.00	1.18
1,300,000.00	BCP FL.R 19-30 27/03A	EUR	1,253,772.00	0.60
<i>Slovenia</i>			<i>562,500.00</i>	<i>0.27</i>
600,000.00	NOVA LJUBLJANSKA BANKA FL.R 19-29 19/11A	EUR	562,500.00	0.27
<i>Spain</i>			<i>11,959,138.00</i>	<i>5.71</i>
3,200,000.00	BANCO BILBAO VI FL.R 18-XX 24/03Q	EUR	3,352,000.00	1.60
5,000,000.00	CAIXABANK SA FL.R 18-XX 23/03Q	EUR	5,138,425.00	2.46
2,400,000.00	IBERCAJA S.A.U. FL.R XX 06/01Q	EUR	2,496,288.00	1.19
1,000,000.00	IBERCAJA BANCO FL.R 20-30 23/07A	EUR	972,425.00	0.46
<i>Switzerland</i>			<i>1,014,585.00</i>	<i>0.48</i>
1,000,000.00	QUINTET PRIVATE BANK FL.R 20-49 31/12S	EUR	1,014,585.00	0.48
<i>The Netherlands</i>			<i>17,508,897.35</i>	<i>8.36</i>
2,900,000.00	ACHMEA BV FL.R 19-XX XX/XXS	EUR	3,121,864.50	1.49
2,800,000.00	NIBC BANK NV FL.R 17-XX XX/XXS	EUR	2,837,100.00	1.35
2,384,000.00	SRLEV EMTN FL.R 11-41 15/04A	EUR	2,442,467.60	1.17
3,700,000.00	VAN LANSCH KEMP WM FL.R 19-XX XX/XXS	EUR	3,875,676.00	1.86
2,400,000.00	VIVAT FL.R 18-XX XX/XXS	EUR	2,689,764.00	1.28
3,000,000.00	VIVAT NV FL.R 17-XX 16/05S	USD	2,542,025.25	1.21
<i>United Kingdom</i>			<i>24,633,672.80</i>	<i>11.77</i>
2,100,000.00	CYBG PLC FL.R 18-28 14/12S	GBP	2,668,414.70	1.27
4,700,000.00	J SAINSBURY PLC FL.R 15-49 30/01S	GBP	5,336,109.38	2.55
1,650,000.00	JUPITER FUND MA FL.R 20-30 27/07A	GBP	2,066,951.74	0.99
350,000.00	LLOYDS BANK GROUP FL.R 86-XX 28/02S	USD	264,962.20	0.13
2,700,000.00	LLOYDS BANK PLC EMTN FL.R 09-XX 21/01S	GBP	5,468,382.31	2.62
900,000.00	LLOYDS BANKING FL.R 09-XX XX/XXS	USD	910,342.04	0.43
980,000.00	NATIONWIDE BUILD FL.R 5.875 19-XX XX/XXA	GBP	1,179,366.67	0.56
1,100,000.00	NATIONWIDE BUILDING FL.R 20-99 31/12S	GBP	1,346,993.07	0.64
13,000,000.00	RSA INSURANCE GROUP FL.R 17-XX XX/XXQ	SEK	1,335,771.51	0.64
3,500,000.00	SAINSBURYS BANK PLC FL.R 17-27 23/11S	GBP	4,056,379.18	1.94
<i>United States of America</i>			<i>5,049,045.25</i>	<i>2.41</i>
3,300,000.00	AMERICAN INTL GROUP FL.R 07-67 15/03A	GBP	3,176,420.51	1.52
2,600,000.00	REINSURANCE GROUP FL.R 05-65 15/12Q	USD	1,872,624.74	0.89
Other transferable securities			507,368.68	0.24
Bonds			309,015.00	0.14
<i>Spain</i>			<i>0.00</i>	<i>0.00</i>
2,080,000.00	BANCO POPULAR ESPA 8.25 11-21 19/10Q - DEFAULTED	EUR	0.00	0.00
2,873,000.00	BCO POLULAR ESPANOL 8.00 11-21 29/07Q	EUR	0.00	0.00
<i>The Netherlands</i>			<i>309,015.00</i>	<i>0.14</i>
2,268,000.00	SNS REALL TV PER 6.258 07-XX 06/10A - DEFAULTED	EUR	309,015.00	0.14
Convertible bonds			182,465.68	0.09
<i>Luxembourg</i>			<i>182,465.68</i>	<i>0.09</i>
4,600,000.00	ESPERITO SANTO REGS CV 3.125 13-18 02/12S DEFAULTED	EUR	98,302.00	0.05
4,432,000.00	ESPIRITO SANTO CV REGS9.75 11-25 19/12A DEFAULTED	EUR	84,163.68	0.04

The accompanying notes form an integral part of these financial statements

AXIOM LUX - AXIOM OBLIGATAIRE

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
Floating rate bonds			15,888.00	0.01
	<i>Portugal</i>		<i>15,888.00</i>	<i>0.01</i>
4,800,000.00	BANCO ESPIRITO FL.R 13-23 28/11A DEFAULTED	EUR	15,888.00	0.01
	<i>Spain</i>		<i>0.00</i>	<i>0.00</i>
1,600,000.00	BANCO POP ESPAN SUB 1 FL.R 09-19 22/12Q - DEFAULTED	EUR	0.00	0.00
Shares/Units of UCITS/UCIS			9,289,845.54	4.44
Units in investment funds			9,289,845.54	4.44
	<i>Guernsey</i>		<i>9,289,845.54</i>	<i>4.44</i>
8,767,757.00	AXIOM EUR FIN DEBT FD GBP	GBP	9,289,845.54	4.44
Money market instruments			5,999,895.01	2.86
Bonds			5,999,895.01	2.86
	<i>France</i>		<i>5,999,895.01</i>	<i>2.86</i>
3,000,000.00	ITM ENTREPRISES ZCP 080221	EUR	2,999,816.26	1.43
3,000,000.00	SOFIPROTEOL. ZCP 220221	EUR	3,000,078.75	1.43
Total securities portfolio			198,724,694.53	94.89

AXIOM LUX - AXIOM OBLIGATAIRE

Statement of Operations and Changes in Net Assets from 01/01/2020 to 31/12/20

Expressed in EUR

Income		9,529,416.91
Net dividends	Note 2	699,048.33
Net interest on bonds	Note 2	8,767,532.41
Bank interest on cash accounts		431.68
Other financial income		1,459.66
Interest on total return swaps / credit default swaps		60,944.83
Expenses		4,725,802.94
Amortisation of formation expenses	Note 2	11,782.13
Management Company fees	Note 4	3,471,143.11
Depositary fees	Note 5	61,097.37
Taxe d'abonnement	Note 3	60,519.82
Administration fees	Note 5	33,054.07
Performance fees	Note 4	910,590.44
Domiciliation fees		6,545.89
Professional fees		43,778.93
Bank interest on overdrafts		33,291.56
Legal fees		1,981.88
Transaction fees	Note 6	19,329.86
Interest on total return swaps / credit default swaps		10,111.11
Other expenses	Note 7	62,576.77
Net income from investments		4,803,613.97
Net realised profit / loss on:		
- sales of investment securities		6,012,237.87
- forward foreign exchange contracts		2,355,315.17
- financial futures		-180,000.00
- foreign exchange		-336,594.22
Net realised profit		12,654,572.79
Movement in net unrealised appreciation / depreciation on:		
- securities	Note 2	-3,388,738.53
- forward foreign exchange contracts	Note 2	638,812.70
- swaps	Note 2	289,225.21
Increase in net assets as a result of operations		10,193,872.17
Dividends paid	Note 9	-492,009.74
Subscription capitalisation shares		43,116,122.45
Subscription distribution shares		20,424,286.00
Redemption capitalisation shares		-77,133,998.45
Redemption distribution shares		-1,157,975.84
Decrease in net assets		-5,049,703.41
Net assets at the beginning of the year		214,472,904.77
Net assets at the end of the year		209,423,201.36

AXIOM LUX
- AXIOM OPTIMAL CRITERIA

AXIOM LUX - AXIOM OPTIMAL CRITERIA
Financial Statements as at 31/12/2020

Statement of Net Assets as at 31/12/2020

Expressed in EUR

Assets			14,514,946.84
Securities portfolio at market value	Note 2		13,072,640.19
<i>Cost price</i>			13,079,136.23
<i>Unrealised loss on the securities portfolio</i>			-6,496.04
Cash at banks and liquidities			1,227,032.98
Interest receivable			153,187.42
Formation expenses	Note 2		11,389.87
Dividends receivable			511.72
Unrealised net appreciation on forward foreign exchange contracts	Note 2		50,184.66
Liabilities			23,239.98
Bank overdrafts			3,340.57
Administration fees payable	Note 5		306.40
Unrealised net depreciation on financial futures	Note 2		10,776.07
Management Company fees payable	Note 4		6,129.00
Depositary fees payable	Note 5		543.40
Other liabilities			2,144.54
Net asset value			14,491,706.86

Changes in number of shares outstanding from 01/01/2020 to 31/12/2020

	Shares outstanding as at 01/01/2020	Shares issued	Shares redeemed	Shares outstanding as at 31/12/2020
C - EUR - Capitalisation	14,301.4644	0.0000	0.0000	14,301.4644

AXIOM LUX - AXIOM OPTIMAL CRITERIA

Key figures

Year ending as at: **31/12/20** **31/12/19**

Total Net Assets	EUR	14,491,706.86	14,391,984.01
C - EUR - Capitalisation			
Number of shares		14,301.4644	14,301.4644
Net asset value per share	EUR	1,013.30	1,006.33

AXIOM LUX - AXIOM OPTIMAL CRITERIA

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			12,314,576.71	84.98
Shares			100,322.02	0.69
<i>United States of America</i>				
1,000.00	ASSURED GUARANTY MUNI 6.875 PFD SHS	USD	100,322.02	0.69
100.00	US BANCORP	USD	21,372.24	0.15
			78,949.78	0.54
Bonds			9,489,410.63	65.49
<i>Australia</i>				
400,000.00	NATIONAL AUSTRALIA 0.35 17-22 07/09A	EUR	404,818.00	2.79
			404,818.00	2.79
<i>Austria</i>				
400,000.00	RAIFFEISEN BANK INTL 0.25 18-21 05/07A	EUR	401,198.00	2.77
			401,198.00	2.77
<i>Cayman Islands</i>				
400,000.00	HUTCH WHAMPOA FIN 14 1.375 14-21 31/10A	EUR	405,102.00	2.80
			405,102.00	2.80
<i>Czech Republic</i>				
200,000.00	CEZ AS 3.00 13-28 05/06A	EUR	235,508.00	1.63
			235,508.00	1.63
<i>France</i>				
400,000.00	AXA SA 5.50 13-XX 22/01S	USD	2,261,526.25	15.60
200,000.00	BFCM 3.00 14-24 21/05A	EUR	330,616.65	2.28
400,000.00	BNP PARIBAS 0.50 16-22 01/06A	EUR	219,478.00	1.51
100,000.00	DASSAULT SYSTEM 0.00 19-22 16/09A	EUR	405,194.00	2.80
200,000.00	ELECT.DE FRANCE 6.00 14-14 22/01S	EUR	100,477.00	0.69
100,000.00	ENGIE EMTN 5.95 11-11 16/03A	USD	235,969.10	1.63
600,000.00	SOCIETE GENERALE 4.00 13-23 07/06A	EUR	208,597.50	1.44
100,000.00	UMG GROUPE VYV 1.625 19-29 02/07A	EUR	655,131.00	4.52
			106,063.00	0.73
<i>Germany</i>				
200,000.00	ALLIANZ SE 5.50 12-XX 26/09S	USD	1,165,021.65	8.04
1,000,000.00	GERMANY 2.50 10-21 04/01A	EUR	164,586.65	1.14
			1,000,435.00	6.90
<i>Ireland</i>				
200,000.00	CLOVERIE PLC ZURICH 4.75 16-XX 20/01S	USD	265,188.19	1.83
100,000.00	GRENKE FINANCE 1.125 17-22 02/02A	EUR	167,438.19	1.16
			97,750.00	0.67
<i>Japan</i>				
200,000.00	MITSUBISHI UFJ FIN 0.978 20-24 09/06A	EUR	207,329.00	1.43
			207,329.00	1.43
<i>Poland</i>				
200,000.00	SANTANDER BANK POLSKA 0.75 18-21 20/09A	EUR	201,205.00	1.39
			201,205.00	1.39
<i>Spain</i>				
200,000.00	SANTANDER CONS FIN 1.00 19-24 27/02A	EUR	206,789.00	1.43
			206,789.00	1.43
<i>Switzerland</i>				
200,000.00	UBS AG SUB 5.125 14-24 15/05A	USD	180,675.09	1.25
			180,675.09	1.25
<i>The Netherlands</i>				
200,000.00	ING GROEP NV 2.125 19-26 10/01A	EUR	428,506.00	2.96
200,000.00	VOLKSWAGEN INTL FIN 0.8750 20-28 22/09A	EUR	221,138.00	1.53
			207,368.00	1.43
<i>United Kingdom</i>				
500,000.00	AVIVA PLC 0.625 16-23 27/10A	EUR	1,455,097.78	10.04
250,000.00	CLOSE BROTHERS GROUP 2.75 18-23 26/04S	EUR	513,077.50	3.54
200,000.00	HSBC HOLDINGS REG S 7.00 08-38 07/04A	GBP	290,635.12	2.01
100,000.00	PENSION INSURANCE SUB 6.50 14-24 03/07A	GBP	355,155.85	2.45
200,000.00	PRUDENTIAL 5.25 13-XX 23/03Q	GBP	130,849.06	0.90
		USD	165,380.25	1.14
<i>United States of America</i>				
2,000.00	BOK FINANCIAL CORP 5.375 16-56 30/06Q	USD	1,671,446.67	11.53
200,000.00	GOLDMAN SACHS GROUP 2.875 14-26 03/06S	USD	41,543.17	0.29
600,000.00	MICROSOFT CORP 2.125 13-21 06/12S	EUR	229,378.00	1.58
400,000.00	MORGAN STANLEY 1.875 17-27 27/04A	EUR	610,479.00	4.21
100,000.00	PHILIP MORRIS 3.125 13-33 03/06A	EUR	445,326.00	3.07
200,000.00	WELLS FARGO CO 2.00 15-26 27/04A	EUR	125,953.50	0.87
			218,767.00	1.51
Floating rate bonds			2,724,844.06	18.80
<i>Finland</i>				
400,000.00	MUNICIPALITY FIN C FL.R 15-49 01/04A	EUR	417,624.00	2.87
			417,624.00	2.87
<i>France</i>				
100,000.00	CCR RE SA FL.R 20-40 15/07A	EUR	242,764.25	1.68
150,000.00	CREDIT LOGEMENT SUB FL.R 06-XX 16/03A	EUR	107,067.50	0.74
			135,696.75	0.94
<i>Germany</i>				
200,000.00	ALLIANZ SE FL.R 20-49 31/12A	EUR	206,187.00	1.42
			206,187.00	1.42

AXIOM LUX - AXIOM OPTIMAL CRITERIA

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
	<i>Luxembourg</i>		<i>171,727.35</i>	<i>1.19</i>
200,000.00	SWISS RE FINANCE LUX FL.R 19-XX 04/09A	USD	171,727.35	1.19
	<i>Spain</i>		<i>127,148.72</i>	<i>0.88</i>
200,000.00	BANCO SANTANDER FL.R 17-23 19/01Q	AUD	127,148.72	0.88
	<i>Sweden</i>		<i>100,993.00</i>	<i>0.70</i>
100,000.00	SWEDBANK AB FL.R 17-27 22/11A	EUR	100,993.00	0.70
	<i>Switzerland</i>		<i>408,052.00</i>	<i>2.82</i>
200,000.00	UBS AG SUB FL.R 14-26 12/02A	EUR	201,385.00	1.39
200,000.00	ZUERCHER KANTONALB FL.R 15-27 15/06A	EUR	206,667.00	1.43
	<i>United Kingdom</i>		<i>712,613.68</i>	<i>4.91</i>
200,000.00	LEGAL & GENERAL FL.R 18-48 14/11S	GBP	267,465.09	1.85
300,000.00	PRUDENTIAL SUB FL.R 13-63 19/12S	GBP	445,148.59	3.06
	<i>United States of America</i>		<i>337,734.06</i>	<i>2.33</i>
300,000.00	JPMORGAN CHASE FL.R 17-37 02/02Q	USD	210,708.60	1.45
200,000.00	USB REALTY FL.R 06-XX 31/12Q	USD	127,025.46	0.88
Shares/Units of UCITS/UCIS			758,063.48	5.23
Units in investment funds			758,063.48	5.23
	<i>France</i>		<i>758,063.48</i>	<i>5.23</i>
4.00	UNION + - C CAP	EUR	758,063.48	5.23
Total securities portfolio			13,072,640.19	90.21

AXIOM LUX - AXIOM OPTIMAL CRITERIA

Statement of Operations and Changes in Net Assets from 01/01/2020 to 31/12/20

Expressed in EUR

Income		326,322.86
Net dividends	Note 2	3,659.21
Net interest on bonds	Note 2	322,591.72
Bank interest on cash accounts		71.93
Expenses		97,958.78
Amortisation of formation expenses	Note 2	3,070.22
Management Company fees	Note 4	71,017.58
Depositary fees	Note 5	3,598.77
Taxe d'abonnement	Note 3	4,165.78
Administration fees	Note 5	2,428.08
Domiciliation fees		426.29
Professional fees		3,341.53
Bank interest on overdrafts		4,966.89
Legal fees		133.04
Transaction fees	Note 6	1,244.49
Other expenses	Note 7	3,566.11
Net income from investments		228,364.08
Net realised profit / loss on:		
- securities		-91,671.58
- forward foreign exchange contracts		236,711.31
- financial futures		-162,061.36
- foreign exchange		-91,999.85
Net realised profit		119,342.60
Movement in net unrealised appreciation / depreciation on:		
- securities	Note 2	-8,176.32
- forward foreign exchange contracts	Note 2	62,160.76
- financial futures	Note 2	-73,604.19
Increase in net assets as a result of operations		99,722.85
Increase in net assets		99,722.85
Net assets at the beginning of the year		14,391,984.01
Net assets at the end of the year		14,491,706.86

AXIOM LUX

**- AXIOM LONG SHORT CREDIT (launched on June
24, 2020)**

AXIOM LUX - AXIOM LONG SHORT CREDIT (launched on June 24, 2020)

Financial Statements as at 31/12/2020

Statement of Net Assets as at 31/12/2020

Expressed in EUR

Assets			38,017,456.57
Securities portfolio at market value	Note 2		33,263,209.48
<i>Cost price</i>			32,465,099.91
<i>Unrealised profit on the securities portfolio</i>			798,109.57
Options purchased at market value			20,841.00
<i>Options purchased at cost</i>			24,615.13
Cash at banks and liquidities			4,061,886.09
Interest receivable			287,091.70
Formation expenses	Note 2		61,577.21
Subscriptions receivable			21,007.77
Unrealised net appreciation on forward foreign exchange contracts	Note 2		301,843.32
Liabilities			2,085,102.87
Bank overdrafts			739,705.51
Administration fees payable	Note 5		764.59
Performance fees payable	Note 4		3,521.60
Redemptions payable			21,007.77
Unrealised net depreciation on swaps	Note 2		1,283,126.78
Management Company fees payable	Note 4		10,027.39
Depositary fees payable	Note 5		1,212.31
Other liabilities			25,736.92
Net asset value			35,932,353.70

Changes in number of shares outstanding from 24/06/2020 to 31/12/2020

	Shares outstanding as at 24/06/2020	Shares issued	Shares redeemed	Shares outstanding as at 31/12/2020
A - EUR - Capitalisation	0.0000	50.0000	0.0000	50.0000
B - USD - Capitalisation	0.0000	58.6439	0.0000	58.6439
E - GBP - Capitalisation	0.0000	45.3007	0.0000	45.3007
M - CHF - Capitalisation	0.0000	53.7607	0.0000	53.7607
P - EUR - Capitalisation	0.0000	31,569.5249	9,891.0150	21,678.5099
Z - EUR - Capitalisation	0.0000	14,000.0000	0.0000	14,000.0000

AXIOM LUX - AXIOM LONG SHORT CREDIT (launched on June 24, 2020)

Key figures

Period ending as at: **31/12/20**

Total Net Assets	EUR	35,932,353.70
A - EUR - Capitalisation		
Number of shares		50.0000
Net asset value per share	EUR	1,000.75
B - USD - Capitalisation		
Number of shares		58.6439
Net asset value per share	USD	1,000.90
E - GBP - Capitalisation		
Number of shares		45.3007
Net asset value per share	GBP	1,001.20
M - CHF - Capitalisation		
Number of shares		53.7607
Net asset value per share	CHF	999.05
P - EUR - Capitalisation		
Number of shares		21,678.5099
Net asset value per share	EUR	1,000.53
Z - EUR - Capitalisation		
Number of shares		14,000.0000
Net asset value per share	EUR	1,003.14

AXIOM LUX - AXIOM LONG SHORT CREDIT (launched on June 24, 2020)

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			29,976,874.98	83.42
Bonds			25,687,346.94	71.48
<i>Austria</i>				
500,000.00	LENZING AG 5.75 20-XX XX/XXA	EUR	513,740.00	1.43
<i>Bermuda</i>				
200,000.00	AIRCASTLE LTD 5.2500 20-25 11/08S	USD	179,866.79	0.50
<i>Canada</i>				
250,000.00	METHANEX 5.125 20-27 15/10S	USD	222,918.96	0.62
<i>Cayman Islands</i>				
580,000.00	AVOLON HOLDINGS 4.25 20-26 15/04S	USD	718,890.56	2.00
250,000.00	SEAGATE HDD CAY 3.1250 20-29 15/07S	USD	513,284.95	1.43
205,605.61			205,605.61	0.57
<i>France</i>				
300,000.00	ENGIE SA 1.5000 20-49 31/12A	EUR	6,362,081.75	17.71
200,000.00	EUTELSAT SA 1.5000 20-28 13/10A	EUR	305,890.50	0.85
300,000.00	FAURECIA 3.7500 20-28 15/06S	EUR	203,371.00	0.57
3,000,000.00	FRANCE 0.00 18-21 25/02A	EUR	316,207.50	0.88
3,003,675.00			3,003,675.00	8.35
500,000.00	LOUVRE BIDCO SAS 4.25 17-24 30/09S	EUR	497,672.50	1.39
300,000.00	LOXAM SAS 2.875 19-26 15/04S	EUR	297,403.50	0.83
400,000.00	MERCIALYS SA 4.6250 20-27 07/07A	EUR	441,300.00	1.23
300,000.00	ORANO SA 2.75 20-28 08/03A	EUR	315,735.00	0.88
500,000.00	QUATRIM 5.8750 19-24 31/01A	EUR	520,505.00	1.45
250,000.00	SPCM SA 2.0000 20-26 01/02A	EUR	254,353.75	0.71
200,000.00	SPCM SA 2.6250 20-29 01/02S	EUR	205,968.00	0.57
<i>Germany</i>				
500,000.00	FRAPORT AG FRANKFURT 1.625 20-27 09/07A	EUR	1,070,690.00	2.98
300,000.00	SCHAEFFLER AG 3.375 20-28 12/10A	EUR	535,742.50	1.49
200,000.00	ZF FINANCE GMBH 2.75 20-27 25/05A	EUR	330,913.50	0.92
204,034.00			204,034.00	0.57
<i>Italy</i>				
600,000.00	DOVALUE 5.000 20-25 04/08S	EUR	1,779,049.50	4.95
300,000.00	INFRASTRUTTURE 1.6250 20-28 20/10A	EUR	627,546.00	1.75
300,000.00	LEONARDO SPA 2.3750 20-26 08/01A	EUR	308,548.50	0.86
500,000.00	SEASPA 3.50 20-25 09/10A	EUR	312,990.00	0.87
529,965.00			529,965.00	1.47
<i>Jersey Island</i>				
300,000.00	LHC THREE PLC 4.125 17-24 15/08S	EUR	305,916.00	0.85
305,916.00			305,916.00	0.85
<i>Luxembourg</i>				
200,000.00	ADLER GROUP 3.250 20-25 05/08A	EUR	838,461.33	2.33
200,000.00	ADLER GROUP SA 2.7500 20-26 13/11A	EUR	208,659.00	0.58
500,000.00	TRAF FUND 5.875 20-25 23/09A	USD	205,543.00	0.57
424,259.33			424,259.33	1.18
<i>Spain</i>				
300,000.00	CELLNEX TELECOM 1.7500 20-30 23/10A	EUR	563,941.00	1.57
250,000.00	EL CORTE INGLES SA 3.625 20-24 15/03S	EUR	303,493.50	0.85
260,447.50			260,447.50	0.72
<i>Sweden</i>				
400,000.00	SAMHALLSBYGGNAD 20-XX 14/003A	EUR	398,788.00	1.11
398,788.00			398,788.00	1.11
<i>The Netherlands</i>				
200,000.00	ABERTIS FINANCE BV 3.248 20-XX XX/XXA	EUR	1,689,828.81	4.70
207,830.00			207,830.00	0.58
500,000.00	ALCOA NEDERLAND 5.50 20-27 15/12S	USD	446,446.81	1.24
700,000.00	LOUIS DREYFUS C 2.3750 20-25 27/11A	EUR	726,043.50	2.02
300,000.00	OCI NV 3.1250 19-24 01/11S	EUR	309,508.50	0.86
309,508.50			309,508.50	0.86
<i>United Kingdom</i>				
500,000.00	ARQIVA 6.75 18-23 01/10S	GBP	2,211,255.83	6.15
577,946.60			577,946.60	1.60
300,000.00	INFORMA PLC 2.1250 20-25 06/10A	EUR	316,551.00	0.88
500,000.00	INTL GAME TECHNOLOGY 5.25 20-29 15/01S	USD	442,360.34	1.23
500,000.00	JERROLD FINCO PLC 6.125 17-21 26/01S	GBP	562,825.39	1.57
300,000.00	TITAN GLOBAL FI 2.7500 20-27 09/07S	EUR	311,572.50	0.87
311,572.50			311,572.50	0.87
<i>United States of America</i>				
500,000.00	AMERIGAS PART/FIN 5.75 17-27 20/05S	USD	8,831,918.41	24.58
466,879.16			466,879.16	1.30
250,000.00	APACHE CORP 4.625 20-25 15/11S	USD	214,991.22	0.60
200,000.00	APACHE CORP 4.875 20-27 15/11S	USD	173,917.70	0.48
500,000.00	BGC PARTNERS INC 4.375 20-25 15/12S	USD	433,880.92	1.21
500,000.00	CALPINE CORP 3.75 20-31 01/03S	USD	405,994.85	1.13
500,000.00	CLEARWATER PAPER 4.7500 20-28 15/08S	USD	424,992.85	1.18
250,000.00	DELTA AIR LINES 4.5 20-25 20/10Q	USD	218,268.57	0.61
250,000.00	DELTA AIR LINES/SKY 4.75 20-28 20/10Q	USD	223,339.87	0.62

AXIOM LUX - AXIOM LONG SHORT CREDIT (launched on June 24, 2020)

Securities portfolio as at 31/12/2020

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
250,000.00	ENCORE CAPITAL GROUP 4.875 20-25 15/10S	EUR	260,433.75	0.72
300,000.00	ENCORE CAPITAL GROUP 5.375 20-26 15/02S	GBP	341,547.87	0.95
500,000.00	FIRSTCASH INC 4.625 20-28 01/09S	USD	422,694.21	1.18
500,000.00	FRONTIER COMMUNICATION 5.00 20-28 01/05S	USD	428,057.70	1.19
500,000.00	GENWORTH MORTGA 6.5000 20-25 15/08S	USD	442,807.81	1.23
739,000.00	LUCENT TECHNOLOGIES 6.45 99-29 15/03S	USD	667,398.14	1.85
100,000.00	MGIC INVESTMENT 5.2500 20-28 15/08S	USD	87,546.07	0.24
250,000.00	MILEAGE PLUS HLDINGS 6.500 20-27 20/06Q	USD	221,480.52	0.62
250,000.00	MPT OPER PARTNE 3.5000 20-31 15/03S	USD	210,958.17	0.59
250,000.00	OCCIDENTAL PETROLEUM 8.875 20-30 15/07S	USD	241,703.44	0.67
250,000.00	OCCIDENTAL PETROLEUM CORP	USD	235,821.49	0.66
500,000.00	ON SEMICONDUCTOR 3.8750 20-28 01/09S	USD	426,525.28	1.19
500,000.00	PVH CORP 4.625 20-25 10/07S	USD	459,345.55	1.28
250,000.00	QTS REALTY TRUST 3.875 20-28 01/10S	USD	208,920.76	0.58
500,000.00	QUICKEN LOANS L 3.6250 20-29 01/03S	USD	419,662.05	1.17
250,000.00	SINCLAIR TELEVISION 4.125 20-30 01/12S	USD	207,001.14	0.58
500,000.00	SLM CORP 4.2 20-25 29/10S	USD	433,357.85	1.21
125,000.00	SPRINT CORP 7.625 18-26 01/03S	USD	127,099.98	0.35
250,000.00	WINDSTREAM ESCROW LLC 7.750 20-28 15/08S	USD	206,877.53	0.58
250,000.00	WINNEBAGO INDUS 6.2500 20-28 15/07S	USD	220,413.96	0.61
	Floating rate bonds		4,289,528.04	11.94
	<i>Austria</i>		<i>312,835.50</i>	<i>0.87</i>
300,000.00	OMV AG FL.R 20-49 31/12A	EUR	312,835.50	0.87
	<i>Belgium</i>		<i>308,787.00</i>	<i>0.86</i>
300,000.00	SOLVAY SA FL.R 20-49 31/12A	EUR	308,787.00	0.86
	<i>France</i>		<i>936,457.50</i>	<i>2.61</i>
600,000.00	EDF FL.R 20-XX XX/XXA	EUR	632,460.00	1.76
300,000.00	VEOLIA ENVIRONNEMENT FL.R 20-XX XX/XXA	EUR	303,997.50	0.85
	<i>Germany</i>		<i>307,605.00</i>	<i>0.86</i>
300,000.00	MERCK KGAA FL.R 20-80 09/09A	EUR	307,605.00	0.86
	<i>Italy</i>		<i>627,177.00</i>	<i>1.75</i>
300,000.00	ENEL SPA FL.R 2.25 20-XX XX/XXA	EUR	313,324.50	0.87
300,000.00	ENI SPA FL.R 20-49 31/12A	EUR	313,852.50	0.88
	<i>The Netherlands</i>		<i>417,662.00</i>	<i>1.16</i>
400,000.00	TENNET HOLDING BV FL.R 20-XX 22/10A	EUR	417,662.00	1.16
	<i>United Kingdom</i>		<i>1,379,004.04</i>	<i>3.83</i>
500,000.00	J SAINSBURY PLC FL.R 15-49 30/01S	GBP	567,671.21	1.58
250,000.00	SSE PLC FL.R 20-XX XX/XXA	GBP	296,285.33	0.82
500,000.00	VODAFONE GROUP PLC FL.R 20-80 27/08A	EUR	515,047.50	1.43
	Shares/Units of UCITS/UCIS		3,286,334.50	9.15
	Units in investment funds		3,286,334.50	9.15
	<i>France</i>		<i>3,286,334.50</i>	<i>9.15</i>
82.00	GROUPAMA TR&SORERIE IC	EUR	3,286,334.50	9.15
	Total securities portfolio		33,263,209.48	92.57

AXIOM LUX - AXIOM LONG SHORT CREDIT (launched on June 24, 2020)

Statement of Operations and Changes in Net Assets from 24/06/2020 to 31/12/20

Expressed in EUR

Income		486,132.90
Net interest on bonds	Note 2	474,017.86
Interest on total return swaps / credit default swaps		12,115.04
Expenses		631,127.99
Amortisation of formation expenses	Note 2	3,908.92
Management Company fees	Note 4	59,338.32
Depositary fees	Note 5	5,937.98
Taxe d'abonnement	Note 3	2,542.53
Administration fees	Note 5	4,382.12
Performance fees	Note 4	3,521.60
Domiciliation fees		539.05
Professional fees		2,467.68
Bank interest on overdrafts		32,615.02
Legal fees		146.27
Transaction fees	Note 6	3,717.59
Interest on total return swaps / credit default swaps		508,039.05
Other expenses	Note 7	3,971.86
Net loss from investments		-144,995.09
Net realised profit / loss on:		
- sales of investment securities		197,440.43
- forward foreign exchange contracts		56,764.93
- swaps		114,872.86
- foreign exchange		21,598.89
Net realised profit		245,682.02
Movement in net unrealised appreciation / depreciation on:		
- securities	Note 2	798,109.57
- options	Note 2	-3,774.13
- forward foreign exchange contracts	Note 2	301,843.32
- swaps	Note 2	-1,283,126.78
Increase in net assets as a result of operations		58,734.00
Subscription capitalisation shares		45,760,322.62
Redemption capitalisation shares		-9,886,702.92
Increase in net assets		35,932,353.70
Net assets at the beginning of the period		0.00
Net assets at the end of the period		35,932,353.70

AXIOM LUX

**Notes to the financial statements - Schedule of derivative
instruments**

AXIOM LUX

OPTIONS

As at 31/12/2020, the following option contracts were outstanding :

AXIOM LUX - AXIOM CONTINGENT CAPITAL

Quantity	Denomination	Currency	Commitment (in absolute value)	Market value (in EUR)	Unrealised (in EUR)
Sale					
OTC options					
Options on interest rates					
2,000,000.00	ISNRFIN341 OTC NOV 0.8 20/01/2021 PUT	EUR	2,000,000.00	-818.00	2,982.00
2,000,000.00	ISNRFIN341 OTC JAN 0.550 20.01.21 CALL	EUR	2,000,000.00	-1,928.00	32.00
Total Sale				-2,746.00	3,014.00

The counterparty for the options is Caceis Bank Luxembourg

AXIOM LUX - AXIOM OPTIMAL FIX

Quantity	Denomination	Currency	Commitment (in absolute value)	Market value (in EUR)	Unrealised (in EUR)
Sale					
OTC options					
Options on interest rates					
18,000,000.00	ISNRFIN341 OTC JAN 0.550 20.01.21 CALL	EUR	18,000,000.00	-17,352.00	288.00
18,000,000.00	ISNRFIN341 OTC NOV 0.8 20/01/2021 PUT	EUR	18,000,000.00	-7,362.00	26,838.00
Total Sale				-24,714.00	27,126.00

The counterparty for the options is Caceis Bank Luxembourg

AXIOM LUX - AXIOM LONG SHORT CREDIT (launched on June 24, 2020)

Quantity	Denomination	Currency	Commitment (in absolute value)	Market value (in EUR)	Unrealised (in EUR)
Purchase of options					
Listed options					
Options on equities					
500.00	ISHS TRST IBOX APR 78.000 16.04.21 PUT	USD	0.00	20,841.00	-3,774.13
Total Purchase of options				20,841.00	-3,774.13

The counterparty for the options is Caceis Bank Paris

AXIOM LUX

FORWARD FOREIGN EXCHANGE CONTRACTS

As at 31/12/2020, the following forward foreign exchange contract was outstanding :

The contracts that are followed by * relate to specifically to foreign exchange risk hedging of shares.

AXIOM LUX - AXIOM CONTINGENT CAPITAL

Currency purchased	Quantity purchased	Currency sale	Quantity sale	Maturity date	Unrealised (in EUR)	Counterparty
EUR	7,162,056.27	USD	8,500,000.00	29/01/21	219,433.28	CACEIS Bank, Luxembourg Branch
EUR	1,436,996.02	GBP	1,300,000.00	29/01/21	-14,757.66	CACEIS Bank, Luxembourg Branch
					204,675.62	

AXIOM LUX - AXIOM EQUITY

Currency purchased	Quantity purchased	Currency sale	Quantity sale	Maturity date	Unrealised (in EUR)	Counterparty
EUR	4,749,871.41	GBP	4,248,000.00	08/01/21	4,366.51	CACEIS Bank, Luxembourg Branch
EUR	591,404.72	SEK	6,015,000.00	08/01/21	-7,169.89	CACEIS Bank, Luxembourg Branch
EUR	202,008.29	SEK	2,056,000.00	08/01/21	-2,591.78	CACEIS Bank, Luxembourg Branch
					-5,395.16	

AXIOM LUX - AXIOM OPTIMAL FIX

Currency purchased	Quantity purchased	Currency sale	Quantity sale	Maturity date	Unrealised (in EUR)	Counterparty
EUR	67,913,145.32	USD	80,600,000.00	29/01/21	2,080,743.76	CACEIS Bank, Luxembourg Branch
USD	18,750,000.00	EUR	15,798,653.53	29/01/21	-483,747.54 *	CACEIS Bank, Luxembourg Branch
USD	111,000.00	EUR	93,528.03	29/01/21	-2,863.79 *	CACEIS Bank, Luxembourg Branch
EUR	15,033,189.08	GBP	13,600,000.00	29/01/21	-154,387.88	CACEIS Bank, Luxembourg Branch
EUR	1,164,514.08	SEK	12,100,000.00	29/01/21	-39,318.93	CACEIS Bank, Luxembourg Branch
EUR	1,242,236.02	SGD	2,000,000.00	29/01/21	6,191.59	CACEIS Bank, Luxembourg Branch
EUR	559,044.41	CHF	600,000.00	29/01/21	4,185.54	CACEIS Bank, Luxembourg Branch
CHF	8,550,000.00	EUR	7,966,382.80	29/01/21	-59,654.41 *	CACEIS Bank, Luxembourg Branch
CHF	250,000.00	EUR	234,126.24	29/01/21	-2,935.35 *	CACEIS Bank, Luxembourg Branch
CHF	300,000.00	EUR	277,945.06	29/01/21	-515.99 *	CACEIS Bank, Luxembourg Branch
EUR	92,584.02	CHF	100,000.00	29/01/21	107.64 *	CACEIS Bank, Luxembourg Branch
EUR	1,467,751.40	USD	1,750,000.00	29/01/21	38,383.70 *	CACEIS Bank, Luxembourg Branch
EUR	451,289.46	USD	550,000.00	29/01/21	2,053.50 *	CACEIS Bank, Luxembourg Branch
EUR	16,410.53	USD	20,000.00	29/01/21	74.67 *	CACEIS Bank, Luxembourg Branch
EUR	3,285,555.87	USD	4,000,000.00	29/01/21	18,387.35	CACEIS Bank, Luxembourg Branch
					1,406,703.86	

AXIOM LUX - AXIOM OBLIGATAIRE

Currency purchased	Quantity purchased	Currency sale	Quantity sale	Maturity date	Unrealised (in EUR)	Counterparty
GBP	67,000.00	EUR	73,739.82	29/01/21	1,081.02 *	CACEIS Bank, Luxembourg Branch
USD	4,078,000.00	EUR	3,428,619.47	29/01/21	-97,729.52 *	CACEIS Bank, Luxembourg Branch
EUR	7,768,622.84	USD	9,240,000.00	29/01/21	221,572.90	CACEIS Bank, Luxembourg Branch
CHF	1,001,000.00	EUR	934,989.73	29/01/21	-9,301.41 *	CACEIS Bank, Luxembourg Branch
EUR	1,271,333.36	SEK	13,200,000.00	29/01/21	-41,938.75	CACEIS Bank, Luxembourg Branch
EUR	4,151,669.36	SGD	6,690,000.00	29/01/21	17,098.59	CACEIS Bank, Luxembourg Branch
EUR	50,077,041.60	GBP	45,500,000.00	29/01/21	-734,427.85	CACEIS Bank, Luxembourg Branch
EUR	1,283,697.05	GBP	1,150,000.00	29/01/21	-541.38	CACEIS Bank, Luxembourg Branch
CHF	30,000.00	EUR	27,788.07	29/01/21	-45.16 *	CACEIS Bank, Luxembourg Branch
GBP	3,000.00	EUR	3,378.76	29/01/21	-28.57 *	CACEIS Bank, Luxembourg Branch
USD	120,000.00	EUR	101,308.57	29/01/21	-3,293.17 *	CACEIS Bank, Luxembourg Branch
EUR	331,450.94	SGD	530,000.00	29/01/21	3,900.51	CACEIS Bank, Luxembourg Branch
GBP	5,400,000.00	EUR	5,989,352.26	29/01/21	40,983.85	CACEIS Bank, Luxembourg Branch
EUR	1,374,608.24	GBP	1,250,000.00	29/01/21	-21,311.72	CACEIS Bank, Luxembourg Branch
					-623,980.66	

AXIOM LUX

FORWARD FOREIGN EXCHANGE CONTRACTS

AXIOM LUX - AXIOM OPTIMAL CRITERIA

Currency purchased	Quantity purchased	Currency sale	Quantity sale	Maturity date	Unrealised (in EUR)	Counterparty
EUR	2,333,987.75	USD	2,770,000.00	29/01/21	71,509.44	CACEIS Bank, Luxembourg Branch
EUR	1,459,103.65	GBP	1,320,000.00	29/01/21	-14,984.70	CACEIS Bank, Luxembourg Branch
EUR	119,754.74	AUD	200,000.00	29/01/21	-6,340.08	CACEIS Bank, Luxembourg Branch
					50,184.66	

AXIOM LUX - AXIOM LONG SHORT CREDIT (launched on June 24, 2020)

Currency purchased	Quantity purchased	Currency sale	Quantity sale	Maturity date	Unrealised (in EUR)	Counterparty
GBP	45,000.00	EUR	49,738.05	22/01/21	520.48 *	CACEIS Bank, Luxembourg Branch
CHF	55,000.00	EUR	51,379.30	22/01/21	-519.85 *	CACEIS Bank, Luxembourg Branch
USD	60,000.00	EUR	51,140.00	22/01/21	-2,125.19 *	CACEIS Bank, Luxembourg Branch
EUR	7,330,066.06	USD	8,600,000.00	22/01/21	304,610.67	CACEIS Bank, Luxembourg Branch
EUR	1,989,521.85	GBP	1,800,000.00	22/01/21	-20,825.60	CACEIS Bank, Luxembourg Branch
EUR	2,879,426.09	USD	3,500,000.00	22/01/21	20,182.81	CACEIS Bank, Luxembourg Branch
					301,843.32	

AXIOM LUX

FINANCIAL FUTURES

As at 31/12/2020, the following futures contracts were outstanding :

AXIOM LUX - AXIOM CONTINGENT CAPITAL

Quantity (purchase/(sale))	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
Futures on bonds					
-5	EURO-OAT-FUTURES-EUX 03/21	EUR	638,927.50	-1,800.00	CACEIS Bank, Paris
-8	US 10 YEARS NOTE 03/21	USD	725,859.18	-919.46	CACEIS Bank, Paris
				-2,719.46	
Other futures					
200	GR NORDEA DIV 1000 12/21	EUR	1,334,400.00	-8,000.00	CACEIS Bank, Paris
200	ING GROEP DIV (EUX) 12/21	EUR	1,528,200.00	-27,200.00	CACEIS Bank, Paris
500	INTESA SANPA DIV EUX 12/21	EUR	956,300.00	-16,000.00	CACEIS Bank, Paris
				-51,200.00	

AXIOM LUX - AXIOM EQUITY

Quantity (purchase/(sale))	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
Futures on index					
150	DJ.STOXX600.BK(EUX) 03/21	EUR	811,575.00	-14,850.00	CACEIS Bank, Paris
600	XEUR FEBD EURO STOXX 12/23	EUR	894,000.00	194,000.00	CACEIS Bank, Paris
				179,150.00	
Other futures					
1,000	BBVA (EUX) 12/21	EUR	4,035,000.00	-19,000.00	CACEIS Bank, Paris
700	ING GROEP DIV (EUX) 12/21	EUR	5,348,700.00	-95,200.00	CACEIS Bank, Paris
				-114,200.00	

AXIOM LUX - AXIOM OPTIMAL FIX

Quantity (purchase/(sale))	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
Futures on bonds					
-200	EURO-OAT-FUTURES-EUX 03/21	EUR	25,557,200.00	-72,000.00	CACEIS Bank, Paris
-4	LONG GILT FUTURE-LIF 03/21	GBP	646,971.00	-6,256.28	CACEIS Bank, Paris
-75	US TREASURY BOND 03/21	USD	9,600,650.00	70,874.71	CACEIS Bank, Paris
				-7,381.57	
Futures on index					
-1,568	EURO STOX BANK IDX 03/21	EUR	5,783,568.00	203,840.00	CACEIS Bank, Paris
				203,840.00	
Other futures					
300	GR NORDEA DIV 1000 12/21	EUR	2,001,600.00	-12,000.00	CACEIS Bank, Paris
300	ING GROEP DIV (EUX) 12/21	EUR	2,292,300.00	-40,800.00	CACEIS Bank, Paris
1,000	INTESA SANPA DIV EUX 12/21	EUR	1,912,600.00	-29,500.00	CACEIS Bank, Paris
				-82,300.00	

AXIOM LUX - AXIOM OPTIMAL CRITERIA

Quantity (purchase/(sale))	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
Futures on bonds					
-10	EURO BOBL FUTURE 03/21	EUR	1,036,085.00	900.00	CACEIS Bank, Paris
-2	EURO BUND FUTURE 03/21	EUR	211,298.00	-540.00	CACEIS Bank, Paris
-1	EURO BUXL FUTURE 03/21	EUR	172,379.00	-1,720.00	CACEIS Bank, Paris
-7	LONG GILT FUTURE-LIF 03/21	GBP	1,132,199.75	-10,948.50	CACEIS Bank, Paris

AXIOM LUX

FINANCIAL FUTURES

AXIOM LUX - AXIOM OPTIMAL CRITERIA

Quantity (purchase/(sale))	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
-3	US TREASURY BOND 03/21	USD	384,025.99	2,834.99	CACEIS Bank, Paris
-6	US 5 YEARS NOTE-CBT 03/21	USD	489,399.44	-1,302.56	CACEIS Bank, Paris
				-10,776.07	

AXIOM LUX

CREDIT DEFAULT SWAPS (CDS):

As at December 31, 2020, the open positions on Credit Default Swaps (CDS) were as follows:

AXIOM CONTINGENT CAPITAL

Descriptions/ underlying	Buyer/ Seller	Ccy	Notional	Commitment	Maturity	Counterparty	Unrealised result (in EUR)
ITRAXX EUR SNR FINANCIAL S34 V1	BUY	EUR	5,000,000.00	5,000,000.00	20/12/2025	GOLDMAN SACHS INTERNATIONAL	-102,014.72
ITRAXX EUR SNR FINANCIAL S34 V1	BUY	EUR	2,000,000.00	2,000,000.00	20/12/2025	JP MORGAN AG FRANKFURT	-40,805.89
UNITED KINGDOM 4.25% 07/06/32	BUY	USD	2,000,000.00	1,634,587.88	20/06/2023	JP MORGAN AG FRANKFURT	-36,629.36
							-179,449.97

AXIOM OPTIMAL FIX

Descriptions/ underlying	Buyer/ Seller	Ccy	Notional	Commitment	Maturity	Counterparty	Unrealised result (in EUR)
ITRAXX EUR SNR FINANCIAL S34 V1	BUY	EUR	20,000,000.00	20,000,000.00	20/12/2025	GOLDMAN SACHS INTERNATIONAL	-408,058.89
ITRAXX XOVER S28 V9 MKT	BUY	EUR	20,000,000.00	20,000,000.00	20/12/2022	JP MORGAN AG FRANKFURT	-1,815,066.20
ITRAXX EUR SNR FINANCIAL S34 V1	BUY	EUR	18,000,000.00	18,000,000.00	20/12/2025	JP MORGAN AG FRANKFURT	-367,253.00
ITRAXX EUR SNR FINANCIAL S34 V1	BUY	EUR	40,000,000.00	40,000,000.00	20/12/2025	JP MORGAN AG FRANKFURT	-816,117.79
INTL LEASE FIN C USD SN XR M	BUY	USD	2,000,000.00	1,634,587.88	20/06/2025	GOLDMAN SACHS INTERNATIONAL	-305,755.88
EDF EUR SN MM M	BUY	EUR	3,000,000.00	3,000,000.00	20/06/2030	JP MORGAN AG FRANKFURT	-65,676.86
SOLVAY SA EUR SN MM M	BUY	EUR	3,000,000.00	3,000,000.00	20/06/2025	JP MORGAN AG FRANKFURT	-75,320.52
BCO BILBAO	SELL	EUR	3,000,000.00	3,000,000.00	20/06/2021	JP MORGAN AG FRANKFURT	5,499.54
VIZCA EUR MM SU ASS GENERALI SPA EUR MM SN	SELL	EUR	3,000,000.00	3,000,000.00	20/06/2022	JP MORGAN AG FRANKFURT	32,593.26
							-3,815,156.33

AXIOM OBLIGATAIRE

Descriptions/ underlying	Buyer/ Seller	Ccy	Notional	Commitment	Maturity	Counterparty	Unrealised result (in EUR)
TKOFP SENIOR TIKEHAU EUR MM SN	SELL	EUR	1,000,000.00	1,000,000.00	20/12/2024	JP MORGAN AG FRANKFURT	-27,687.63
TIKEHAU CAPITAL SCA	SELL	EUR	4,000,000.00	4,000,000.00	20/12/2024	JP MORGAN AG FRANKFURT	-110,750.51
							-138,438.14

AXIOM LUX

CREDIT DEFAULT SWAPS (CDS) (continued):

AXIOM LONG SHORT CREDIT

Descriptions/ underlying	Buyer/ Seller	Ccy	Notional	Commitment	Maturity	Counterparty	Unrealised result (in EUR)
CDX NA HY S35 V1 MKT	BUY	USD	4,000,000.00	3,269,175.76	20/12/2025	BNP-PARIBAS SA PARIS	-304,402.76
RENAULT EUR SN MM M	BUY	EUR	500,000.00	500,000.00	20/12/2025	BNP-PARIBAS SA PARIS	17,716.77
GENERAL MOTORS USD XR SN	BUY	USD	500,000.00	408,646.97	20/12/2025	BNP-PARIBAS SA PARIS	-79,613.51
FORD MTR CO USD SN XR M	BUY	USD	500,000.00	408,646.97	20/12/2025	BNP-PARIBAS SA PARIS	-46,226.79
GROUPE AUCHAN EUR SN MM M	BUY	EUR	500,000.00	500,000.00	20/12/2025	BNP-PARIBAS SA PARIS	-2,542.88
SYNGENTA AG EUR SN MM M	BUY	EUR	500,000.00	500,000.00	20/12/2025	GOLDMAN SACHS INTERNATIONAL	16,199.49
BOEING CO USD SN XR M	BUY	USD	500,000.00	408,646.97	20/12/2025	BNP-PARIBAS SA PARIS	11,453.64
DEUTS LUFTHANSA EUR SN MM M	BUY	EUR	500,000.00	500,000.00	20/12/2025	GOLDMAN SACHS INTERNATIONAL	41,636.39
GEN ELEC CO USD SN XR M	BUY	USD	500,000.00	408,646.97	20/12/2025	BNP-PARIBAS SA PARIS	-1,184.07
INEOS GP HLDGS P EUR SN MM M	BUY	EUR	500,000.00	500,000.00	20/12/2025	BNP-PARIBAS SA PARIS	-37,934.41
GOODYEAR TIRE USD SN XR M	BUY	USD	500,000.00	408,646.97	20/12/2025	BNP-PARIBAS SA PARIS	-35,159.80
MONITCHEM HOLDCO EUR MM SN	BUY	EUR	500,000.00	500,000.00	20/12/2025	GOLDMAN SACHS INTERNATIONAL	-43,795.73
MATTERHORN TELECOM HOLDING S.A.	BUY	EUR	500,000.00	500,000.00	20/12/2025	BNP-PARIBAS SA PARIS	-72,348.06
ALTICE FINCO SA EUR MM SN	BUY	EUR	500,000.00	500,000.00	20/12/2025	BNP-PARIBAS SA PARIS	-27,206.23
UNIVISION COMMS USD SN XR M	BUY	USD	500,000.00	408,646.97	20/12/2025	GOLDMAN SACHS INTERNATIONAL	-29,535.98
LTD BRANDS INC USD SN XR M	BUY	USD	500,000.00	408,646.97	20/12/2025	GOLDMAN SACHS INTERNATIONAL	23,256.75
MARKS SPENCER PL EUR SN MM M	BUY	EUR	500,000.00	500,000.00	20/12/2025	BNP-PARIBAS SA PARIS	38,602.32
MGM GROWTH PROPERT OP USD XR SN	BUY	USD	500,000.00	408,646.97	20/12/2025	GOLDMAN SACHS INTERNATIONAL	-59,876.84
DISH DBS CORP USD SN XR M	BUY	USD	500,000.00	408,646.97	20/12/2025	GOLDMAN SACHS INTERNATIONAL	-11,915.03
NAVIENT INTL CO USD XR SN	BUY	USD	500,000.00	408,646.97	20/12/2025	BNP-PARIBAS SA PARIS	-20,645.11
OLIN CORP USD SN XR M	BUY	USD	500,000.00	408,646.97	20/12/2025	BNP-PARIBAS SA PARIS	13,007.27
STENA AKTIEBOLAG EUR SN MM M	BUY	EUR	500,000.00	500,000.00	20/12/2025	GOLDMAN SACHS INTERNATIONAL	12,515.17
JAGUAR LAND ROVER EUR MM SN	BUY	EUR	500,000.00	500,000.00	20/12/2025	GOLDMAN SACHS INTERNATIONAL	25,724.87

AXIOM LUX

CREDIT DEFAULT SWAPS (CDS) (continued):

AXIOM LONG SHORT CREDIT (continued)

Descriptions/ underlying	Buyer/ Seller	Ccy	Notional	Commitment	Maturity	Counterparty	Unrealised result (in EUR)
ROLLS ROYCE PLC EUR SN MM M	BUY	EUR	500,000.00	500,000.00	20/12/2025	JP MORGAN AG FRANKFURT	46,137.23
BOEING CO USD SN XR M	BUY	USD	500,000.00	408,646.97	20/12/2025	JP MORGAN AG FRANKFURT	11,453.64
TENET HEALTHCARE USD SN XR M	BUY	USD	500,000.00	408,646.97	20/12/2025	JP MORGAN AG FRANKFURT	-30,561.53
AMERN AXLE MFG INC USD XR SN	BUY	USD	500,000.00	408,646.97	20/12/2025	JP MORGAN AG FRANKFURT	-25,688.90
UTD GROUP BV EUR MM SN	BUY	EUR	500,000.00	500,000.00	20/12/2025	JP MORGAN AG FRANKFURT	-43,855.22
TRANSDIGM INC USD SE XR M	BUY	USD	500,000.00	408,646.97	20/12/2025	JP MORGAN AG FRANKFURT	-48,243.34
ELIS SA	SELL	EUR	250,000.00	250,000.00	20/12/2025	BNP PARIBAS SA PARIS	39,263.48
							-623,769.19

AXIOM LUX

TOTAL RETURN SWAPS:

As at December 31, 2020, the open positions on Total Return Swaps were as follows:

AXIOM OPTIMAL FIX

Notional	Ccy	Maturity	sub-fund pays	sub-fund receives	Counterparty	Unrealised result (in EUR)
3,000,000.00	EUR	20/09/2021	IBX EUR CONTINGENT LIQUID DVPT M	EUR EURIBOR 3 MONTHS	GOLDMAN SACHS INTERNATIONAL	-214,178.37
2,000,000.00	EUR	20/09/2021	IBX EUR CONTINGENT LIQUID DVPT M	EUR EURIBOR 3 MONTHS	GOLDMAN SACHS INTERNATIONAL	-146,397.41
						-360,575.78

AXIOM LONG SHORT CREDIT

Notional	Ccy	Maturity	sub-fund pays	sub-fund receives	Counterparty	Unrealised result (in EUR)
500,000.00	USD	15/06/2021	FIXED	NOURYON CHEMICALS HOLDING 8% 1/10/26	BNP PARIBAS SA PARIS	-4,752.57
500,000.00	USD	15/06/2021	FIXED	MAUSER PACKAGING SOLUT	BNP PARIBAS SA PARIS	1,241.15
500,000.00	USD	15/06/2021	FIXED	CEDAR FAIR 5.375% 15/04/27	BNP PARIBAS SA PARIS	-7,518.82
500,000.00	USD	15/06/2021	FIXED	CAESARS ENTERTAINMENT- ANLEIHE 6.250% bis 1/07/25	BNP PARIBAS SA PARIS	-10,885.10
500,000.00	USD	15/06/2021	FIXED	HILTON WORLDWIDE FINANCE 4.875% 15/01/30	BNP PARIBAS SA PARIS	-32,747.10
500,000.00	EUR	15/06/2021	FIXED	ACCOR	BNP PARIBAS SA PARIS	-34,675.62
500,000.00	EUR	15/06/2021	FIXED	VERTICAL HOLDCO GMBH 2028	BNP PARIBAS SA PARIS	-33,764.79
500,000.00	USD	15/06/2021	FIXED	AVIS BUDGET CAR	BNP PARIBAS SA PARIS	-38,177.39
500,000.00	EUR	15/06/2021	FIXED	SIGMA HOLDCO	BNP PARIBAS SA PARIS	10,213.06
500,000.00	USD	15/06/2021	FIXED	TRIVIUM PACKAGING FINANCE	BNP PARIBAS SA PARIS	-20,666.42
500,000.00	EUR	15/06/2021	FIXED	KAPLA HOLDING	BNP PARIBAS SA PARIS	-17,323.75
500,000.00	USD	15/06/2021	FIXED	WESCO DISTRIB INC	BNP PARIBAS SA PARIS	-3,575.66
500,000.00	EUR	15/06/2021	FIXED	HOLCIM FINANCE	BNP PARIBAS SA PARIS	-16,706.10
500,000.00	EUR	15/06/2021	FIXED	ADIANT GLOBAL HOLDINGS 3.5% 15/08/24	BNP PARIBAS SA PARIS	-52,190.03
500,000.00	EUR	15/06/2021	FIXED	SUMMER BC HOLDING	BNP PARIBAS SA PARIS	-46,746.67
500,000.00	USD	15/06/2021	FIXED	ENERGIZER HOLDING	BNP PARIBAS SA PARIS	-20,824.54
500,000.00	USD	15/06/2021	FIXED	COMMSCOPE INC	BNP PARIBAS SA PARIS	-39,731.89
500,000.00	EUR	15/06/2021	FIXED	KLEPIERRE	BNP PARIBAS SA PARIS	-41,469.52
500,000.00	USD	15/06/2021	FIXED	KRAFT HEINZ FOODS	BNP PARIBAS SA PARIS	-37,994.75
500,000.00	USD	15/06/2021	FIXED	POST HOLDING INC	BNP PARIBAS SA PARIS	-19,890.49
500,000.00	EUR	15/06/2021	FIXED	BANIJAY 3. MAR 1 2	BNP PARIBAS SA PARIS	-12,711.50
500,000.00	USD	15/06/2021	FIXED	PANTHER BF AGGREGATOR 2, 6.25% 15/01/26	BNP PARIBAS SA PARIS	-15,089.06
500,000.00	EUR	15/06/2021	FIXED	EDP ENERGIAS 1.7 07/20/2080	BNP PARIBAS SA PARIS	-32,151.81

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TOTAL RETURN SWAPS (continued):

AXIOM LONG SHORT CREDIT (continued)

Notional	Ccy	Maturity	sub-fund pays	sub-fund receives	Counterparty	Unrealised result (in EUR)
500,000.00	EUR	15/06/2021	FIXED	EUROPEAN GROUP B.V. 2.875% 19/25	BNP PARIBAS SA PARIS	-16,040.88
500,000.00	EUR	15/06/2021	FIXED	SPECTRUM 4 10/01/2026	BNP PARIBAS SA PARIS	-18,418.26
500,000.00	EUR	15/06/2021	FIXED	VOLKSWAGEN PERP 4 5/8	BNP PARIBAS SA PARIS	-57,269.25
500,000.00	USD	15/06/2021	FIXED	MATTEL, INC. EUR 12/15/27	BNP PARIBAS SA PARIS	-34,173.67
2,000,000.00	USD	20/06/2021	IBOXX LIQUID HIGH YIELD INEX	USD LIBOR 3 MONTHS	JP MORGAN AG FRANKFURT	-5,316.15
						-659,357.55

AXIOM LUX

Other notes to the financial statements

AXIOM LUX

Other notes to the financial statements

Note 1 - General

AXIOM LUX (the “Company”) is an open-ended collective investment company (“*société d’investissement à capital variable*” or “SICAV”) established under the laws of the Grand Duchy of Luxembourg and registered under part I of the Luxembourg law of December 17, 2010, as amended, concerning undertakings for collective investment. The Company qualifies as an Undertaking for Collective Investment in Transferable Securities under the Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities. The Company was initially incorporated on March 27, 2015 and is managed by Axiom Alternative Investments on the basis of freedom of services pursuant to chapter 15 of the law.

The Company is registered with the *Registre de Commerce et des Sociétés, Luxembourg*, under number B196052 and is established at 5, allée Scheffer, L-2520 Luxembourg.

The Management Company was incorporated as a French Private Limited Liability Company (*société à responsabilité limitée*). The Management Company is registered with the Registre de Commerce et des Sociétés de Paris under number RCS 492.625.470. The Management Company is authorised and supervised by the Autorité des Marchés Financiers as a Portfolio Manager under Licence number GP 0600039 since December 1, 2006.

As at December 31, 2020, the following sub-funds are active:

Sub-funds	Currency
AXIOM CONTINGENT CAPITAL	EUR
AXIOM EQUITY	EUR
AXIOM OPTIMAL FIX	EUR
AXIOM OBLIGATAIRE	EUR
AXIOM OPTIMAL CRITERIA	EUR
AXIOM LONG SHORT CREDIT (launched on June 24, 2020)	EUR

The sub-fund Share Classes have been issued in registered from:

Share Class	Ccy	Target Investors
C, D, G,I and J	EUR	All investors
R	EUR	All investors for whom distribution, promotion and subscription to the sub-fund is done primarily through the network of distribution platforms dedicated to wealth management advisors and financial advisors
M	CHF**	All investors wishing to have full and systematic hedging against currency risk
BC	USD**	All investors wishing to have full and systematic hedging against currency risk
E	GBP**	All investors wishing to have full and systematic hedging against currency risk
Z	EUR	UCIT, investment funds and accounts managed by Axiom Alternative Investments and the staff of Axiom Alternative Investments

** For the Classes of Shares denominated in currencies other than EUR, the sub-fund will enter into currency hedging transactions in order to cover the currency risks.

Note 2 - Summary of significant accounting principles

The Company’s financial statements have been prepared and presented in accordance with the Luxembourg regulations relating to undertakings for collective investment in transferable securities.

Other notes to the financial statements (continued)

Note 2 - Summary of significant accounting principles (continued)

a. Combined statements

The various items appearing in the combined financial statements of the Company are equal to the sum of the corresponding items in the financial statements of each sub-fund and are drawn up in EUR.

b. Conversion of items expressed in foreign currencies

The Company's financial statements are expressed in EUR.

Transaction and acquisition costs denominated in foreign currencies are converted into the accounting currency of each sub-fund based on the exchange rate in force on the date of the transaction or acquisition. Assets and liabilities denominated in foreign currencies are converted into the accounting currency of each sub-fund based on the exchange rate in force at the end of the financial period. Any resulting gains or losses are recognised in the Statement of Operations and Changes in Net Assets.

As at December 31, 2020, the following exchange rate was used:

1	EUR	=	1.5588	CAD
1	EUR	=	1.08155	CHF
1	EUR	=	26.262	CZK
1	EUR	=	7.44345	DKK
1	EUR	=	0.8951	GBP
1	EUR	=	362.685	HUF
1	EUR	=	10.476	NOK
1	EUR	=	4.55895	PLN
1	EUR	=	10.0485	SEK
1	EUR	=	1.6171	SGD
1	EUR	=	9.09405	TRY
1	EUR	=	1.22355	USD

c. Valuation of investments

Securities listed on a Stock Exchange or traded on any other regulated market are valued at the last available closing price on such stock exchange or market. If a security is listed on several Stock Exchanges or markets, the last available price on the Stock Exchange or market which constitutes the main market for such security will be prevailing.

Unlisted securities or financial instruments are valued on the basis of their value realisation as determined by the Board of Directors or their delegate using valuation principles in order to reach a proper and fair valuation.

Investment funds are valued at their net asset value.

d. Net realized gain or loss on sales of investments

Net realised gain or loss on sales of investments are calculated on the basis of the average cost of the investments sold.

e. Valuation of financial futures and options

Financial futures and options are valued at the last settlement or close price on the stock exchanges or regulated markets. Unrealised appreciation and depreciation on financial futures are recorded in the statement of net assets and their variations in the statement of operations and other changes in net assets.

For the details of outstanding financial futures and options, please refer to the section "Notes to the financial statements - Schedule of derivative instruments".

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Other notes to the financial statements (continued)

Note 2 - Summary of significant accounting principles (continued)

f. Valuation of forward foreign exchange contracts

Forward foreign exchange contracts are valued at forward market rates for the remaining period from valuation date to the maturity of the contracts. Realised and movements in unrealised profits and losses are recorded in the statement of operations and other changes in net assets.

For the details of outstanding forward foreign exchange contracts, please refer to the section “Notes to the financial statements - Schedule of derivative instruments”.

g. Valuation of Swaps and CDS

Swaps are valued at their fair market value based upon the last known price of the underlying asset(s).

CDS are market to model daily based upon spread of the market makers as the unrealised appreciation/depreciation is recorded under “Unrealised appreciation/depreciation on swaps”, in the Statement of Net Assets. The movement in such amounts is recorded under “Movement in net unrealised appreciation/(depreciation) on swaps” and the realised under “Net realised profit/(loss) on swaps” in the Statement of Operations and Changes in Net Assets.

For the details of outstanding swaps contracts, please refer to the section “Notes to the financial statements - Schedule of derivative instruments”.

h. Collateral

As at 31 December 2020, the collateral received or paid which is composed of margin deposits for financial futures and options and collateral held or paid in order to reduce exposure on OTC derivatives is detailed as follows:

Name of sub-funds	Sub-fund cy	Counterparty	Type of collateral	Collateral received in	Collateral paid in	Related to
AXIOM CONTINGENT CAPITAL	EUR	Caceis Bank Luxembourg	Cash	EUR 260,000.00	-	FET
		Caceis Bank France	Cash	USD 715.16	EUR 90,162.70 USD 10,988.55	FUT/OPTIONS
		JP Morgan	Cash	-	EUR 91,036.99	OTC SWAP
AXIOM EQUITY	EUR	Caceis Bank France	Cash	EUR 64,950.00	EUR 322,798.50	FUT/OPTIONS
AXIOM OPTIMAL FIX	EUR	Caceis Bank France	Cash	EUR 49,540.00 GBP 1,295.94 USD 91,945.57	EUR 1,475,549.00 GBP 18,992.29 USD 283,192.35	FUT/OPTIONS
		Caceis Bank Luxembourg	Cash	EUR 1,640,000.00	-	FET
		Goldman Sachs	Cash	-	USD 1,144,211.52	OTC SWAP
		JP Morgan	Cash	-	EUR 3,558,718.86	OTC SWAP
AXIOM OPTIMAL CRITERIA	EUR	Caceis Bank France	Cash	GBP 2,267.90 USD 2,605.12	EUR 24,675.50 GBP 39,922.92 USD 18,758.53	FUT/OPTIONS
AXIOM OBLIGATAIRE	EUR	JP Morgan	Cash	-	EUR 132,417.45	OTC SWAP
AXIOM LONG SHORT CREDIT (launched on June 24, 2020)	EUR	Caceis Bank Luxembourg	Cash	EUR 260,000.00	-	FET
		Goldman Sachs	Cash	-	EUR 110,000.00	OTC SWAP
		JP Morgan	Cash	-	EUR 454,275.60	OTC SWAP
		BNP Paribas	Cash	-	EUR 1,930,000.00	OTC SWAP

Other notes to the financial statements (continued)

Note 2 - Summary of significant accounting principles (continued)

i. Dividend and Interest income

Dividend income is accounted for on an ex-dividend basis, net of withholding tax. Interest income is recognised on an accrual basis.

j. Formation expenses

Set-up costs and expenses are charged to the Company and are written off over a period of five years. Set-up costs of new Sub-Funds are fully charged to the Sub-Fund concerned and are amortised for a period not exceeding five years.

k. Cross-investments between sub-funds

A Sub-Fund may subscribe, acquire and/or hold units to be issued or issued by one or more Sub-Funds of the Company.

The cross-investments within the Company are as follow:

Sub-Funds	Target Sub-Funds	Ccy	Market Value In EUR	%
AXIOM OPTIMAL FIX	AXIOM CONTINGENT CAPITAL Z EUR	EUR	5,843,389.35	1.94
	AXIOM EUROPEAN BANKS EQUITY Z EUR	EUR	2,114,507.80	0.70
	AXIOM OPTIMAL CRITERIA C EUR	EUR	3,597,811.01	1.20
	AXIOM LONG SHORT CREDIT Z EUR	EUR	7,522,350.00	2.50

As at December 31, 2020, the total of cross-investments within Sub-Fund investments amounts to EUR 19,078,058.16. The total combined NAV at year-end without cross-investments amounts to EUR 595,887,427.95.

Note 3 - Taxation

Under current law and practice, the Company is not liable to any Luxembourg income tax, nor are dividends paid by the Company liable to any Luxembourg withholding tax.

However, any Class reserved to retail investors is liable in Luxembourg to a “*taxe d’abonnement*” of 0.05% per annum of its net assets and those reserved to institutional investors is liable in Luxembourg to a “*taxe d’abonnement*” of 0.01% per annum of its net assets. Such tax being payable quarterly and calculated on the total net asset value of each Class at the end of the relevant quarter.

The “*taxe d’abonnement*” is not applicable for underlying funds which already pay it.

Note 4 - Management Company and Performance fees

The Management Company is entitled to receive from the Company a Management Company fee calculated and accrued on each valuation day as a percentage of the net assets attributable to the relevant Class of Shares and payable monthly in arrears.

AXIOM LUX

Other notes to the financial statements (continued)

Note 4 - Management Company and Performance fees (continued)

Management fees

Sub-funds	Class of Shares	Effective rate (per annum)
AXIOM CONTINGENT CAPITAL	C	0.80%
	E	0.80%
	R	1.30%
	Z	0.05%
AXIOM EQUITY	BC	2.00%
	C	2.00%
	R	2.50%
	Z	0.05%
AXIOM OPTIMAL FIX	B	1.00%
	C	1.00%
	CHF	1.00%
	D	1.00%
	H	0.90%
	R	1.50%
	Z	0.05%
AXIOM OBLIGATAIRE	BC	2.00%
	C	2.00%
	D	2.00%
	E	2.00%
	G	1.20%
	I	1.20%
	J	1.20%
	M	2.00%
	R	2.50%
	Z	0.05%
AXIOM OPTIMAL CRITERIA	C	0.50%
AXIOM LONG SHORT CREDIT (launched on June 24, 2020)	A	0.80%
	B	1.10%
	E	1.10%
	M	1.10%
	P	0.50%
	Z	0.05%

In addition, the Management Company may also be entitled to receive a performance fee for each Class of Shares, accrued on each valuation day and payable at the end of the performance period (i.e. year). The performance fees are based on a comparison between the performance of the sub-fund and its benchmark index over the reference period.

In the event that a shareholder redeems prior to the end of a performance period, any accrued but unpaid performance fees relating to those shares shall be paid.

Other notes to the financial statements (continued)

Note 4 - Management Company and Performance fees (continued)

Performance fees

The Management Company is entitled to receive a performance fee applicable to the share classes of the sub-funds and as disclosed in the prospectus.

- AXIOM CONTINGENT CAPITAL

No Performance fee for the sub-fund.

- AXIOM EQUITY

Performance fees are based on a comparison between the performance of the sub-fund and its benchmark index (defined hereafter) over the reference period.

The benchmark index is the Stoxx Europe 600 Banks Net Return.

Performance fees are calculated over a 12-month reference period coinciding with the financial year.

Performance is calculated by comparing the variation of the assets of the sub-fund with that of a benchmark fund which has accurately tracked the benchmark index over the period and registered the same subscription and redemption variations as the actual sub-fund.

- If, over the reference period, the performance of the sub-fund performance (with coupons reinvested) exceeds that of the benchmark fund, then the performance fees shall amount to 20% of the differential between the sub-fund's performance and that of its benchmark fund.

- If, over the reference period, the performance of the sub-fund is lower than that of the benchmark fund, then the performance fees will be zero. Over the following reference period, performance fees will not be subject to a provision until the underperformance accumulated by the sub-fund's net assets (relative to its benchmark fund) during the previous reference period is compensated for.

- If, over the reference period, the sub-fund's performance since the beginning of the reference period is greater than that of the benchmark fund (calculated over the same period), this outperformance will be subject to a provision for potential performance fees at the time of NAV calculation.

- If the sub-fund's momentarily underperforms the benchmark fund between two NAV calculation dates, then any provision previously made will be adjusted through a reversal of provision. Such reversals cannot exceed the amount of provisions previously accumulated.

The performance fees will be paid to the Management Company at the end of the reference period, only if, over that period, the sub-fund's performance exceeds that of the benchmark fund. Any redemption made during the period will onset the advance payment of their contribution to the performance fees.

The performance fees will be charged directly to the sub-fund's profit & loss account.

As at December 31, 2020, the amount due as performance fee for the year ended was EUR 237,986.16.

On 8 January 2020, the Board of Director decided to not apply a performance fee on this sub-fund for the year 2020, and that following a circular resolution on 10 November 2020, the Board decided to apply a performance fee for the period starting on 12 November 2020.

No performance fees for Class Z shares.

Other notes to the financial statements (continued)

Note 4 - Management Company and Performance fees (continued)

Performance fees (continued)

- AXIOM OPTIMAL FIX

Each year, performance fees are calculated, by comparing on exercise, the evolution of the assets of the sub-fund (excluding performance fees and reinvested dividends) to the assets of a benchmark fund realizing an increase equal to 6%, and recording the same variations of subscriptions and redemptions as the sub-fund. Performance fees are calculated over a 12-month reference period coinciding with the financial year.

Performance is calculated by comparing the variation of the assets of the sub-fund with that of a benchmark fund which has accurately tracked the benchmark index over the period and registered the same subscription and redemption variations as the actual sub-fund.

- If, over the reference period, the performance of the sub-fund performance (with coupons reinvested) exceeds that of the benchmark fund, then the performance fees shall amount to 20% of the differential between the sub-fund's performance and that of its benchmark fund.

- If, over the reference period, the performance of the sub-fund is lower than that of the benchmark fund, then the performance fees will be zero. Over the following reference period, performance fees will not be subject to a provision until the underperformance accumulated by the sub-fund's net assets (relative to its benchmark fund) during the previous reference period is compensated for.

- If, over the reference period, the sub-fund's performance since the beginning of the reference period is greater than that of the benchmark fund (calculated over the same period), this outperformance will be subject to a provision for potential performance fees at the time of NAV calculation.

- If the sub-fund's momentarily underperforms the benchmark fund between two NAV calculation dates, then any provision previously made will be adjusted through a reversal of provision. Such reversals cannot exceed the amount of provisions previously accumulated.

The performance fees will be paid to the Management Company at the end of the reference period, only if, over that period, the sub-fund's performance exceeds that of the benchmark fund. Any redemption made during the period will onset the advance payment of their contribution to the performance fees.

The performance fees will be charged directly to the sub-fund's profit & loss account.
As at December 31, 2020, no performance fees.

No performance fees for Class Z shares.

- AXIOM OBLIGATAIRE

Performance fees are based on a comparison between the performance of the sub-fund and its benchmark index (defined hereafter) over the reference period.

The composite index : 40% of ICE BofAML Euro Financial Index, 40% of ICE BofAML Euro Corporate Index and 20% of ICE BofAML Contingent Capital Index.

Performance fees are calculated over a 12-month reference period coinciding with the financial year.

Other notes to the financial statements (continued)

Note 4 - Management Company and Performance fees (continued)

Performance fees (continued)

- AXIOM OBLIGATAIRE (continued)

Performance is calculated by comparing the variation of the assets of the sub-fund with that of a benchmark fund which has accurately tracked the benchmark indices over the reference period and registered the same subscription and redemption variations as the actual sub-fund.

- If, over the reference period, the performance of the sub-fund (with coupons reinvested) exceeds that of the benchmark fund, then the performance fees shall amount to 20% of the differential between the sub-fund's performance and that of its benchmark fund.

- If, over the reference period, the performance of the sub-fund is lower than that of the benchmark fund, then the performance fees will be zero. Over the following reference period, performance fees will not be subject to a provision until the underperformance accumulated by the sub-fund's net assets (relative to benchmark fund) during the previous reference period is compensated for.

- If, over the reference period, the sub-fund's performance since the beginning of the reference period is greater than that of the benchmark fund (calculated over the same period), this outperformance will be subject to a provision for potential performance fees at the time of NAV calculation.

If the sub-fund's momentarily underperforms the benchmark fund between two NAV calculation dates, then any provision previously made will be adjusted through a reversal of provision. Such reversals cannot exceed the amount of provisions previously accumulated.

The performance fees will be paid to the Management Company at the end of the reference period, only if, over that period, the sub-fund's performance exceeds that of the benchmark fund. Any redemption made during the period will onset the advance payment of their contribution to the performance fees.

The performance fees will be charged directly to the sub-fund's profit & loss account.

As at December 31, 2020, the amount due as performance fee for the year ended was EUR 910,590.44.

No performance fees for Class Z shares

- AXIOM OPTIMAL CRITERIA

No Performance fee for the sub-fund.

- AXIOM LONG SHORT CREDIT (launched on June 24, 2020)

Each year, performance fees are calculated, by comparing on exercise, the evolution of the assets of the Compartment (excluding performance fees and including reinvested dividends) to the Adjusted High Water Mark, as further defined below. Performance fees are calculated over a 12-month reference period coinciding with the financial year (the "Calculation Period").

The Initial Issue Price will be taken as the starting price of the first Calculation Period.

The Adjusted High Water Mark is the High Water Mark which is adjusted by applying an equalisation mechanism aiming at ensuring that shareholders are bearing the correct proportion of performance fees taking into consideration the level of the Net Asset Value on which each relevant shareholder has subscribed to and redeemed from the Compartment.

Other notes to the financial statements (continued)

Note 4 - Management Company and Performance fees (continued)

Performance fees (continued)

- AXIOM LONG SHORT CREDIT (continued)

The High Water Mark is defined as the greater of the following two figures:

- the last highest Net Asset Value per Share on which a performance fee has been paid; and
- the initial Net Asset Value per Share.

Performance is calculated by comparing the variation of the assets of the Compartment with that of the Adjusted High Water Mark.

- If, over the reference period, the performance of the Compartment performance (with coupons reinvested) exceeds that of the Adjusted High Water Mark, then the performance fees shall amount to the relevant percentage rate per annum shown in the table above for each of the relevant share classes (the “relevant percentage”) of the differential between the Compartment’s performance and that of its Adjusted High Water Mark.

- If, over the reference period, the performance of the Compartment is lower than that of the Adjusted High Water Mark, then the performance fees will be zero.

-If, over the reference period, the Compartment’s performance since the beginning of the reference period is greater than that of the Adjusted High Water Mark (calculated over the same period), this outperformance will be subject to a provision for potential performance fees at the time of NAV calculation

If the Compartment’s momentarily underperforms the Adjusted High Water Mark between two NAV calculation dates, then any provision previously made will be adjusted through a reversal of provision. Such reversals cannot exceed the amount of provisions previously accumulated.

The performance fees will be paid to the Management Company at the end of the Calculation Period, only if, over that period, the Compartment’s performance exceeds that of the Adjusted High Water Mark. Any redemption made during the period will onset the advance payment of their contribution to the performance fees.

The performance fees will be charged directly to the Compartment’s profit & loss account.
As at December 31, 2020, the amount due as performance fee for the year ended was EUR 3,521.60.

The relevant percentage of Performance fees for:

Classes A and P: 15%

Classes B, E, M:20%

Class Z: None

Note 5 - Depositary fees and Administration fees

The Depositary and the Administrative Agents receive remuneration from the Company on the basis of business practice in Luxembourg. These fees are calculated on the basis of the daily net assets of the sub-funds and are payable monthly in arrears.

Note 6 - Transaction fees

The Depositary is entitled to be reimbursed by the Company for transaction fees and expenses in relation with the buying and selling of securities and financial instruments.

Other notes to the financial statements (continued)

Note 7 - Other expenses

As at December 31, 2020, the other expenses include mainly Directors fees and Registrar fees.

Note 8 - Changes in portfolio composition

The details of the changes in portfolio composition for the year ended December 31, 2020 are at the disposal of the Shareholders at the registered office of the Company and are available upon request free of charge.

Note 9 - Dividends

During the financial year under review, the following dividends were distributed:

Sub-fund	Shares	Dividend per share	Ccy	Ex-date	Payment date
AXIOM OPTIMAL FIX	D - EUR Shares	38.25	EUR	25/06/2020	30/06/2020
AXIOM OBLIGATAIRE	D - EUR Shares	32.76	EUR	25/06/2020	30/06/2020

Note 10 - Significant event

COVID-19

The Board of Directors acknowledge the existence of the current outbreak of the coronavirus COVID-19 and its potential to adversely impact the markets in which the Sub-Funds are invested. The ultimate impacts on the different Sub-Funds remain uncertain and can be expected to vary according to country, asset class, industry sector and individual securities in which they are invested.

Note 11 - Subsequent-events

By the Circular Resolution dated January 7, 2021, the Board of Directors decided to change the name of the Sub-Fund AXIOM EQUITY to AXIOM EUROPEAN BANKS EQUITY.

By Circular Resolution dated February 26, 2021, the Board of Directors decided to change the investment strategy of the Sub-Fund AXIOM CONTINGENT CAPITAL (the "Sub-Fund") with effect from March 16, 2021.

The Board of Directors has decided to change the name of two Sub-Funds as follows:

AXIOM OPTIMAL FIX --> AXIOM SHORT DURATION BOND FUND

AXIOM CONTINGENT CAPITAL --> AXIOM SUSTAINABLE FINANCIAL BONDS

This change is in process of being approved by the CSSF.

AXIOM LUX

Unaudited Information

Remuneration Policy

Axiom Alternative Investment's Remuneration policy has been approved by the Board of Directors of the Management Company.

The provisions of the Remuneration Policy are reviewed on a regular basis and are adjusted to fit the changing regulatory framework. The remuneration policy includes a description of how remuneration and benefits are calculated. A copy of the policy is available free of charge upon request and is available on the website: www.axiom-ai.com.

In fiscal 2020, the total remuneration (including fixed and variable deferred and non-deferred) paid by Axiom Alternative Investments to all its employees (20 employees) amounted to €2,191,000.

- Total amount of fixed compensation related to the financial year: €1,652,000
- Total amount of deferred and non-deferred variable compensation related to the financial year: €539,000

The total remuneration of senior management and members of staff of the Asset Manager whose actions have a material impact on the risk profile of the Company during the period was €3,676,000:

- Total amount of fixed remuneration related to the financial year: €2,125,000
- Total amount of deferred and non-deferred variable compensation related to the financial year: € 1,396,000.

Global exposure calculation method

All the Sub-Funds of the Company use the commitment approach in order to monitor and measure the global exposure.

AXIOM LUX

Unaudited Information (continued)

SECURITIES FINANCING TRANSACTIONS AND OF REUSE REGULATION (“SFTR”)

TOTAL RETURN SWAPS (“TRS”)	AXIOM LONG SHORT CREDIT	AXIOM LUX - AXIOM OPTIMAL FIX
Assets used	<i>In EUR</i>	<i>In EUR</i>
In absolute terms	682,265.98	360,575.78
As a % of total net asset value	1.90%	0.12%
Transactions classified according to residual maturities	<i>In EUR</i>	<i>In EUR</i>
Less than 1 day	-	-
From 1 day to 1 week	-	-
From 1 week to 1 month	-	-
From 1 month to 3 months	-	-
From 3 months to 1 year	682,265.98	360,575.78
Above 1 year	-	-
Open maturity	-	-
The 10 largest counterparties	<i>In EUR</i>	<i>In EUR</i>
First name	BNP Paribas	Goldman Sachs
Gross volumes for open trades	676,949.83	360,575.78
First country of domicile	France	United States
Second name	JP Morgan AG	-
Gross volumes for open trades	5,316.15	-
Second country of domicile	-	-
Collateral received	<i>In EUR</i>	<i>In EUR</i>
Type:		
Cash	-	-
Quality	-	-
Currency	-	-
Classification according to residual maturities:		
Less than 1 day	-	-
From 1 day to 1 week	-	-
From 1 week to 1 month	-	-
From 1 month to 3 months	-	-
From 3 months to 1 year	-	-
Above 1 year	-	-
Open maturity	-	-
The 10 largest issuers of collateral received	<i>In EUR</i>	<i>In EUR</i>
First name	N/A	N/A
Amount	N/A	N/A
Revenue and expenditure components	<i>In EUR</i>	<i>In EUR</i>
<i>Revenue component of the Compartment:</i>		
In absolute amount	744,824.77	403,958.93
In % of gross revenue	100%	100%
<i>Expenditure component of the Compartment</i>	71,653.09	35,976.80
<i>Revenue component of the Management Company:</i>		
In absolute amount	-	-
In % of gross revenue	-	-
<i>Revenue component of third parties</i>		
In absolute amount	-	-
In % of gross revenue	-	-

There is no reuse of cash collateral related to TRS’s transactions. All trades open at the end of the year have been transacted through bilateral settlement.

Revenue component and expenditure component of the Compartments include interests, dividends, realised and change in unrealised on TRS.

As at 31 December, the Sub-Fund AXIOM OPTIMAL FIX has paid an amount of collateral of USD 1,144,211.52 to Goldman Sachs.

As at 31 December, the Sub-Fund AXIOM LONG SHORT CREDIT has paid an amount of collateral of EUR 454,275.60 to JP Morgan and EUR 1,930,000.00 to BNP Paribas.