



## Axiom Obligataire

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

The fund aims to generate attractive returns by investing in senior or subordinated private sector bonds with a strategic focus on the European Financial sector. The strategy is based on "bond picking"<sup>1</sup>. The fund favors Investment Grade issuers and may invest in fixed or floating rate bonds.

The SRRI represents the annual historical volatility of the Fund over a 5-year period. Historical data such as that used to calculate the synthetic indicator cannot be considered as a reliable indication of the Fund's future risk profile. The risk category associated with the Fund is not guaranteed and may change over time. The lowest risk category does not mean "risk free". Your initial investment is not guaranteed.

### KEY METRICS AND RISK ANALYSIS

Net assets:	€201m	Modified Duration:	2.31
Volatility since inception (Unit I):	8.68%	Credit sensitivity:	2.92
Yield to maturity <sup>2</sup> :	5.98%	WARF Issuer (avg. rating):	BBB-
Yield to call <sup>3</sup> :	6.54%	WARF by instrument (avg. rating):	BB
Sharpe ratio since launch	0.72	Number of positions:	87

### NAV values as at 09/30/20

BC (USD)	C (EUR)	D (EUR)	E (GBP)	G (EUR)	I (EUR)	J (EUR)	M (CHF)	R (EUR)
LU1876461036	LU1876460731	LU1876460814	LU1876461200	LU1876461622	LU1876461465	LU1876461549	LU1876461119	LU1876460905
\$2 200	2 003 €	1 903 €	£2 091	1 102 €	1 213 €	1 224 €	1 893 CHF	1 846 €
-0.15%	-0.26%	-0.22%	-0.19%	-0.13%	-0.15%	-0.11%	-0.28%	-0.31%

### RETURNS EVOLUTION SINCE INCEPTION – Unit C (EUR)<sup>4</sup>

Performance since inception (NAV rebased at 1000)



Past performance does not guarantee future results.

#### Historical performances

	1 month	3 months	YTD	1 year	3 years <sup>4</sup>	5 years <sup>4</sup>	Since launch <sup>5</sup>						
	-0.26%	2.34%	0.11%	3.04%	1.51%	2.81%	6.40%						
	Jan.	Feb.	March	April	May	June	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Year
2009	-	-	-	-	-	-	-	-2.57%	9.72%	3.25%	-1.29%	2.70%	11.88%
2010	7.07%	1.09%	5.50%	4.80%	-5.26%	-3.07%	7.54%	-0.38%	4.15%	3.10%	-10.88%	-0.29%	12.34%
2011	2.58%	3.18%	2.42%	2.00%	0.33%	-2.49%	-2.60%	-13.57%	-20.42%	9.41%	-13.09%	6.50%	-26.61%
2012	15.50%	10.36%	2.19%	-4.32%	-7.64%	0.96%	2.02%	4.74%	6.70%	1.36%	2.57%	3.47%	42.54%
2013	2.16%	0.35%	0.29%	2.75%	1.10%	-1.71%	2.47%	0.54%	1.40%	2.44%	1.17%	0.56%	14.29%
2014	1.96%	1.22%	0.91%	1.56%	0.94%	0.55%	-2.11%	-2.10%	-1.53%	-0.62%	0.09%	-0.51%	0.26%
2015	-0.66%	1.91%	0.29%	0.45%	0.38%	-1.00%	0.53%	-0.50%	-1.78%	1.50%	0.93%	-0.51%	1.50%
2016	-3.64%	-4.33%	2.09%	1.49%	0.97%	-2.23%	2.39%	2.21%	-0.42%	2.48%	-1.34%	1.48%	0.85%
2017	2.26%	1.37%	1.03%	1.05%	0.66%	-1.80%	1.39%	0.09%	0.62%	1.27%	0.37%	0.13%	8.71%
2018	1.64%	-0.44%	-0.74%	0.11%	-2.08%	-1.03%	0.67%	-0.32%	0.42%	-1.11%	-1.58%	-0.60%	-4.99%
2019	1.66%	1.17%	0.28%	0.94%	-0.92%	0.92%	0.35%	0.20%	0.30%	1.01%	1.28%	0.61%	8.06%
2020	1.07%	-0.68%	-9.20%	2.89%	2.03%	2.24%	1.14%	1.44%	-0.26%	-	-	-	0.11%

<sup>1</sup> Bond picking is the process of screening, analyzing and selecting bonds based on the manager convictions in line with the restrictions in the prospectus. <sup>2</sup> Yield to perpetuity of the portfolio, excluding cash, all currencies combined. The yield to perpetuity is the yield of the portfolio with the hypothesis that securities are not reimbursed and kept to perpetuity<sup>3</sup> Yield to call of the portfolio, excluding cash, all currencies combined. The yield to call is the yield at the anticipated reimbursement date of the bonds. <sup>4</sup> Annualized performances <sup>5</sup> Past performance does not guarantee future results. <sup>6</sup> Strating August 23rd not a full month

## Market commentary

Despite a month of September full of adverse geopolitical events, financial securities held out quite well: the still moving forward 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.

On the regulator's side, during his speech in front of the European Banking Federation, Andrea Enria reminded that the financial sector had 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 sanctioned, which triggered a significant sell-off flow.

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 is taking over, BPER is preparing the acquisition of more the 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 interesting. 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%).

## Fund Activity

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.

## Risks

Significant risk(s) for the Fund not taken into account in the SRRI indicator include the following:

**Credit risk:** Investors are exposed to the risk of defaults on the bonds included in the portfolio. This risk may affect up to 100% of the portfolio. The materialisation of this risk may lead to a fall in the Fund's net asset value.

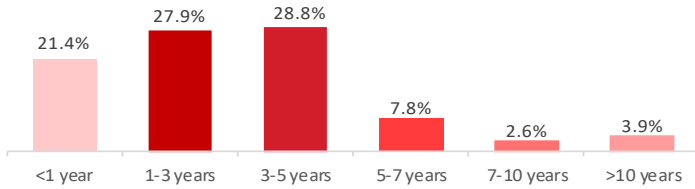
**Counterparty risk:** The Fund may suffer losses as a result of a counterparty failing to meet its contractual obligations.

**Liquidity risk:** Liquidity risk exists when particular investments are difficult to purchase or sell. This can reduce the Fund's returns because the Fund may be unable to transact at advantageous times or prices. This can be the result of shocks of unprecedented intensity and severity such as but not limited to pandemics and natural disasters.

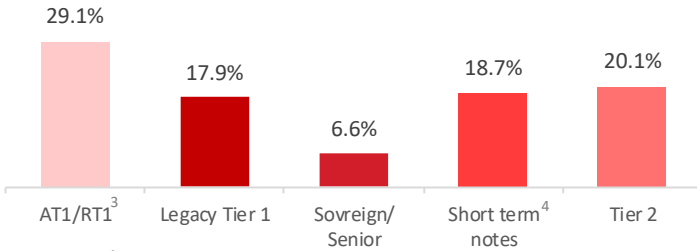
For more information on risks, please refer to the prospectus of the Funds.

## PORTFOLIO BREAKDOWN (in % of assets)

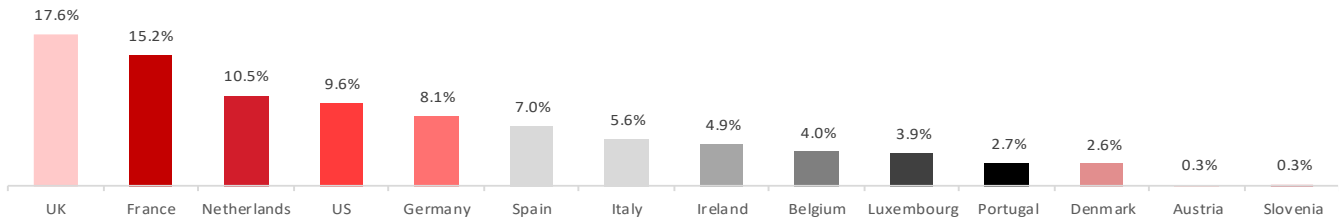
### BY MATURITY<sup>1,2</sup>



### BY SUBORDINATION<sup>1</sup>



### BY COUNTRY<sup>1</sup>

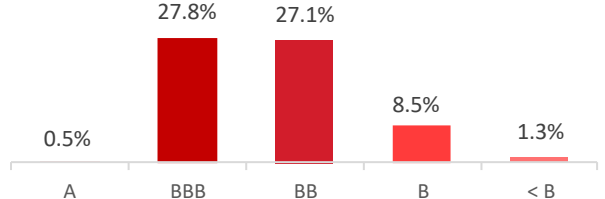


### TOP 5 ISSUERS

LLOYDS	5.76%
CASINO	3.43%
COMMERZBANK	3.40%
EMERALD BAY	3.23%
BANQUE INTERNATIONALE LUX	2.83%

### BY RATING<sup>5</sup>

Securities rating of the bonds



<sup>1</sup> On the bonds' portfolio CDS single name included <sup>2</sup> For the bonds the maturity is the anticipated reimbursement date (call date) <sup>3</sup> AT1 – Additional Tier 1 and RT1 – Restricted Tier 1 <sup>4</sup> Short-term debt securities, money market instruments and corporate bonds <sup>5</sup> Calculated excluding unrated securities.

## INFORMATION ON UNIT C

Current ISIN / ISIN after the merger into the SICAV Lux:	LU1876460731 (effective from the 01/28/19 onwards)
Currency <sup>5</sup> :	EUR – USD – CHF – GBP
Countries:	BE – CH – FR – IT – LU – SP – UK
Fund type and Profit allocation:	UCI / Accumulation
Fund inception date:	23/07/2009
Minimum initial subscription:	1 share
Subscription / repurchases conditions:	Every day until 11:00 - NAV per share unknown - Payment D+3
Management fees:	2.00%
Performance fees <sup>6</sup> :	Max. 20% of the fund's annual return in excess of its benchmark

<sup>5</sup> Currency exposure is Systematically hedged. <sup>6</sup> 40% ICE BofAML Euro Financial Index, 40% ICE BofAML Euro Corporate Index and 20% ICE BofAML Contingent Capital Index. All details of the expenses incurred by the fund are available in the Prospectus.

## RESEARCH AND MANAGEMENT TEAM



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