

# Axiom Obligataire

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.

## KEY METRICS AND RISK ANALYSIS

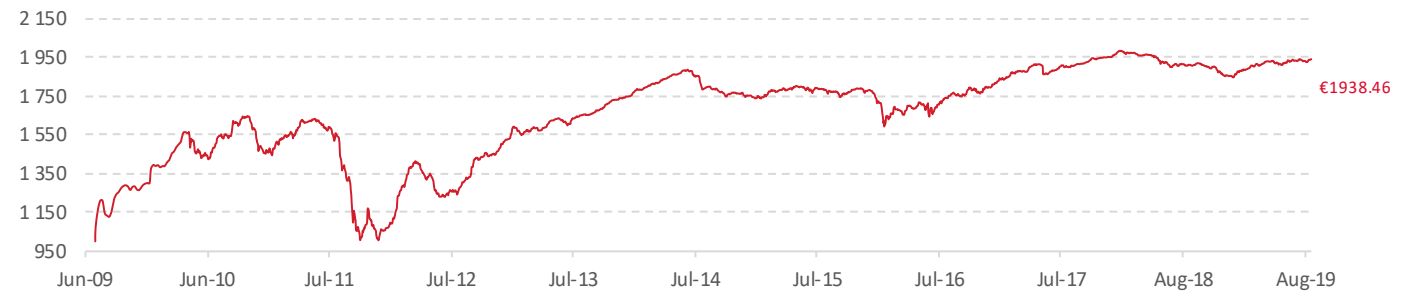
Net assets:	€185m	Yield to maturity <sup>2</sup> :	4.26%
Volatility 1 year:	1.88%	Yield to call <sup>3</sup> :	3.97%
Sharpe ratio 1 year:	1.07	Modified Duration:	2.04
Number of positions:	86	Credit sensitivity:	2.76

## NAV values as at 08/30/19

BC (USD)	C (EUR)	D (EUR)	E (GBP)	G (EUR)	I (EUR)	J (EUR)	M (CHF)	R (EUR)	Z (EUR)
LU1876461036	LU1876460731	LU1876460814	LU1876461200	LU1876461622	LU1876461465	LU1876461549	LU1876461119	LU1876460905	LU1876461382
\$2 093	1 938 €	1 553 €	£2 011	1 058 €	1 165 €	1 172 €	1 839 CHF	1 796 €	2 138 €

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

Performance since inception (NAV rebased at 1000)



### Cumulative Returns

1 month	3 months	YTD	1 year	3 years	5 years	Since launch <sup>5</sup>
0.20%	1.49%	4.68%	1.70%	3.38%	1.52%	6.77%

<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> 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> The yield to call is the yield of the portfolio at the anticipated reimbursement date of the bonds.

<sup>4</sup> Past performance does not guarantee future results. <sup>5</sup> Annualized performance since inception of the unit.

## MARKET COMMENTARY



**Paul Gagey**  
Portfolio Manager

### Market commentary

August was dominated by political developments, with the escalation of tariffs between China and the United States, progress towards Brexit, accelerated by the suspension of parliament, and the fall of the coalition in Italy followed by the set-up of a new M5S/PD alliance. Rates also fell sharply, driven by monetary policy expectations in a context of worrying economic prospects. The SubFin narrowed by about 30 basis points from its peak at 160bps to end the month at 130bps.

Second quarter results were supported by low levels of provisions. Good surprises came from Credit Suisse, StanChart and SocGen, while Unicredit and Commerzbank disappointed.

After the implementation of CRR2, HSBC and Barclays updated the capital recognition of certain perpetual Legacy bonds: the "discos" in particular will no longer be eligible as capital. Deutsche Bank officially communicated on its legacy securities that were disqualified after 2022. Santander announced the call of its tier1 legacy issued in 2004, paying a 3-month Euribor coupon + 160 bps, which was worth 92 before the announcement.

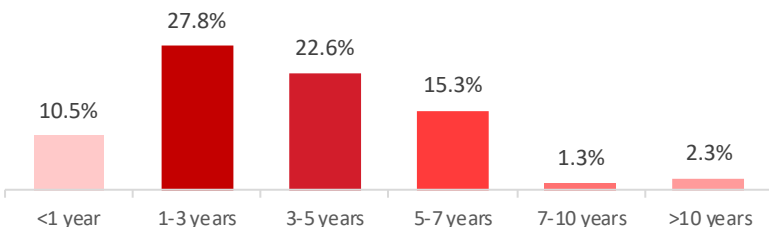
The primary market remained calm. The total volume of issues at the end of August remained flat compared to last year. In the AT1 universe, Credit Suisse, Swedbank and BBVA issued in USD, as well as UBS in AUD. Barclays, Credit Agricole and Nordea called some of their AT1s issued in 2014. The Nordea 5.5 bond had a must pay clause in the event of disqualification. Crédit Agricole, like BPCE and Société Générale, also confirmed their intention to clean their legacy T1 stock.

### Fund activity

With the bonds market off for the summer, opportunities for risk taking were scarce, especially given the high number of bonds trading with yields close to zero. We continue to closely monitor regulatory opportunities and have invested in short term, positive interest rate securities to maintain sufficient flexibility.

## PORTFOLIO BREAKDOWN (in % of assets)

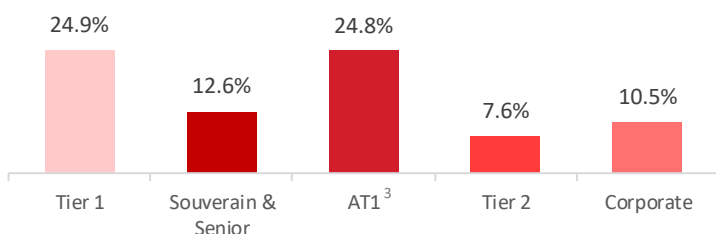
### BY MATURITY<sup>1,2</sup>



### TOP 5 ISSUERS

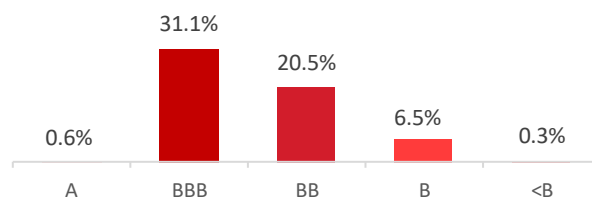
LLOYDS	3.83%
EMERALD BAY	3.44%
BNP PARIBAS	3.35%
EUROBANK	3.14%
AGEAS	2.93%

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

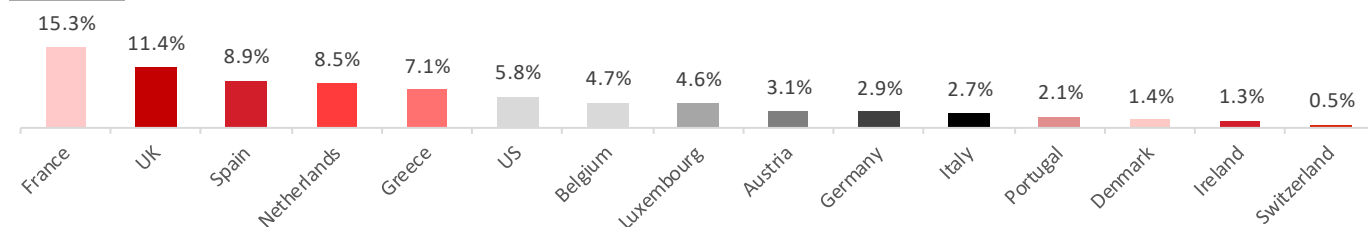


### BY RATING<sup>4</sup>

Securities rating of the bonds



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



<sup>1</sup> On the bonds portfolio CDS 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> Calculated excluding unrated securities.

## INFORMATION ON UNIT C

Current ISIN / ISIN after the merger into the SICAV Lux:	FR0010755199 / 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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Managing Partner  
Chief Investment Officer



**Jérôme Legras**  
Managing Partner  
Head Of Research Department



**Adrian Paturle**  
Partner  
Portfolio Manager



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**Gildas Surry**  
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**Laurent Henrio**  
Portfolio Manager



**Antonio Roman**  
Research Analyst

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