

Axiom Obligataire - Unit C (EUR)

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"¹. The fund favors Investment Grade issuers and may invest in fixed or floating rate bonds.

KEY METRICS AND RISK ANALYSIS

Net assets :	€222m	Yield to maturity ² :	5.24%
Volatility 1 year :	1.85%	Yield to call ³ :	4.96%
Sharpe ratio 1 year :	-2.14	Modified Duration :	2.16
Number of positions :	89	Credit sensitivity :	2.30

RETURNS EVOLUTION SINCE INCEPTION⁴

Performance since inception (rebased at 1000)



Net Returns

1 month	3 months	YTD	1 year	3 years ⁵	5 years ⁵	Since launch ⁵
-1.58%	-2.26%	-4.42%	-4.29%	1.40%	1.41%	6.87%

¹ Bond picking is the process of screening, analyzing and selecting bonds based on the manager convictions in line with the restrictions in the prospectus.

² The yield to perpetuity is the yield of the portfolio with the hypothesis that securities are not reimbursed and kept to perpetuity

³ The yield to call is the yield of the portfolio at the anticipated reimbursement date of the bonds.

⁴ Past performance does not guarantee future results.

⁵ Annualized performance since inception of the unit.

MARKET COMMENTARY

Market commentary

The uncertainties around Brexit and the iterations of the Italian budget continued to weigh on market sentiment.

The UK parliament struggles to unite behind Theresa May's withdrawal deal, ahead of the meaningful vote scheduled for the 11th of December. The Italian government is still postponing its new budget target despite the threat of an excessive deficit procedure considered by the European Commission.

Mid-November marked the end of a decent earnings season, slightly above expectations. Note the strong results of Commerzbank and Société Générale and the substantial improvement in profits at ABN, UBI, Intesa and Crédit Agricole. As for Spanish banks, the revised decision of the Supreme Court on transfer duties for mortgages came in their favour.

More importantly for the sector, the EBA and BoE 2018 stress tests confirmed the continued improvement in banking fundamentals and the banks' increased resilience to the most severe stress scenarios ever considered in Europe. Three of the UK banks eventually proceeded with returning capital: Standard Chartered for shareholders, Barclays and RBS for subordinated bondholders.

The regulatory catalyst is more relevant than ever as shown by the ongoing calls of grandfathered instruments: two months after Barclays, RBS called back five legacy instruments. Deutsche Bank launched a tender of two senior instruments.

The primary market remains tight with a limited number of new issues. UniCredit issued a non-preferred senior via a USD3bn private placement at a spread level almost equivalent to the one of their last AT1 issued a year ago, while Banco de Sabadell issued a Tier 2 instrument at 510bps, the highest historical level in two years.

Fund activity

The fund strengthened its exposure to Spain by investing in AT1 instruments issued by Caixabank and BBVA. The recent stock market correction makes the carry strategy attractive. These securities offer a return of more than 7% on the first call date.

The fund has strengthened its exposure on bonds with a relatively short maturities such as Eurofins whose call date is in January 2020. Currently, we consider the 3% yield as attractive given the call is rather certain.

Various positions were sold in the Legacy pocket among which are USB and Allianz.

The portfolio is 24% invested in cash and bonds with a maturity of less than 15 months.

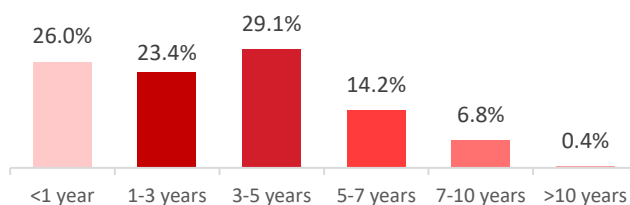


Paul Gagey
Portfolio Manager

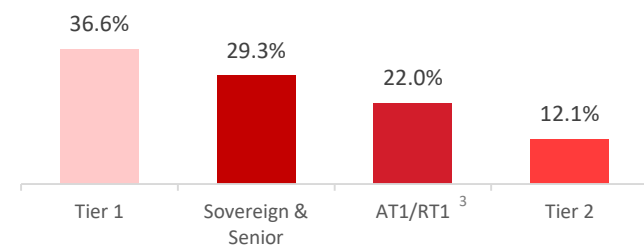
Portfolio Analysis as at 30/11/2018

PORTFOLIO BREAKDOWN (in % of assets)

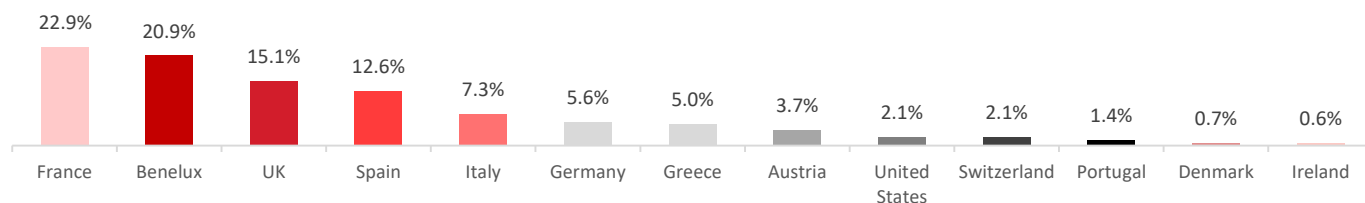
BY MATURITY^{1,2}



BY SUBORDINATION¹



BY COUNTRY¹

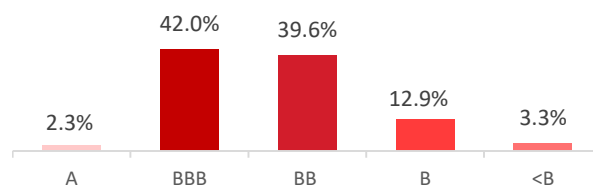


TOP 5 ISSUERS

BNP PARIBAS	5.04%
BBVA	3.84%
LLOYDS	3.10%
AGEAS	2.89%
ASR	2.88%

BY RATING¹

Securities rating



¹ On the bonds portfolio (CDS included) rebased to 100 ² For the bonds the maturity is the anticipated reimbursement date (call date) ³ AT1 – Additional Tier 1 and RT1 – Restricted Tier 1

INFORMATION ON THE FUND

Current ISIN / ISIN after the merger into the SICAV Lux :	FR0013090628 / LU1876460731 (effective from the 01/28/19 onwards)
Currency ⁴ :	EUR – USD – CHF – GBP
Countries:	BE – CH – SP – FR – IT – UK
Fund type and Profit allocation:	UCI / Accumulation
Fund inception date :	23/07/2009
Minimum initial subscription :	1 Unit
Subscription / repurchases conditions :	Every day until 11:00 - NAV per share unknown - Payment D+3
Management fees :	2%
Performance fees ⁵ :	Max. 20 % of the fund's annual return in excess of its benchmark

⁴ Currency exposure is Systematically hedged. ⁵ 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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