

## Axiom Optimal Fix

### Investment objective

The objective of this fund is to achieve, over a minimum 3-year investment horizon, a return net of management fees of 6%. In order to achieve this objective, the Compartment will mainly invest in perpetual bonds at fixed coupon or “preferred shares” via a totally discretionary management. The fund is Actively Managed and is not managed in reference to a benchmark.

The fund Investment policy is to select bonds or preferred shares issued by financial institutions. The investment strategy is based on carry trade which means it aims to invest in bonds offering high coupons and low volatility. To reach its investment objective, the fund is mainly invested in “Fixed to fixed” securities.

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 DATA AND RISK ANALYSIS

Net assets:	€305m	Modified Duration:	0.28
Volatility since inception <sup>2</sup> :	2.37%	Credit sensitivity:	1.22
Yield to call:	2.41%	Average rating by issuer (WARF)	A
Yield to maturity <sup>1</sup> :	2.46%	Average rating by instrument (WARF)	BBB-
Sharpe ratio since inception <sup>2</sup> :	0.85	Number of positions:	145

### NAV VALUES AND MONTHLY RETURNS AS AT 10/30/20

B (USD)	C (EUR)	D (EUR)	M (CHF)	R (EUR)	R (USD)
LU1876460228	LU1876459725	LU1876460657	LU1876460491	LU1876460061	LU1876460145
1197.24	1144.29	1014.04	1044.94	1044.83	1107.00
0.43%	0.36%	0.36%	0.32%	0.31%	0.38%

### PERFORMANCE EVOLUTION - UNIT C<sup>3</sup>

Graphic performance since 16<sup>th</sup> May 2016 <sup>2</sup>



Past performance does not guarantee future results.

#### Historical performances

1 month	3 months	YTD	1 year	3 years <sup>4</sup>	5 years	Inception <sup>2,4</sup>
0.36%	0.87%	0.66%	1.43%	1.23%	-	1.71%

	Janv.	Fev.	Mars	Avril	Mai	Juin	Juillet	Aout	Sept.	Oct.	Nov.	Déc.	Année
<b>2016</b>					0.32% <sup>2</sup>	-0.62%	1.07%	0.35%	0.16%	0.31%	-0.63%	0.28%	<b>1.68%</b>
<b>2017</b>	0.75%	0.76%	0.45%	0.57%	0.32%	-1.29%	0.50%	0.12%	0.15%	0.35%	0.17%	0.15%	<b>3.01%</b>
<b>2018</b>	0.19%	0.26%	-0.22%	0.17%	-0.34%	-0.10%	0.40%	0.08%	0.31%	-0.27%	-1.04%	-0.69%	<b>-1.25%</b>
<b>2019</b>	1.14%	0.66%	0.15%	0.56%	-0.17%	0.37%	0.35%	-0.26%	-0.02%	0.43%	0.30%	0.45%	<b>4.03%</b>
<b>2020</b>	0.16%	-0.41%	-5.20%	3.25%	0.71%	0.77%	0.87%	0.58%	-0.07%	0.36%	-	-	<b>0.66%</b>

<sup>1</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>2</sup> Performance since the date the fund is UCITS. The fund was created on 14/08/2015 but the regulations do not allow us to report on performance before the 16<sup>th</sup> of May 2016 date when the fund became UCITS compliant <sup>3</sup> Past performance does not guarantee future results. <sup>4</sup> Annualized performance.

 MONTHLY COMMENTARY


**Adrian Paturle**  
Portfolio Manager

### Market commentary

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>.

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 divided 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.

### 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.

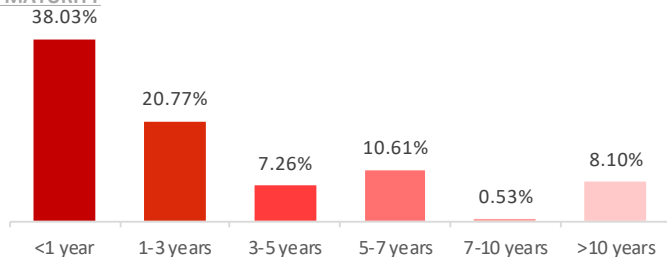
**Counterparty risk:** The Fund may suffer losses as a result of a counterparty failing to meet its contractual obligations.

**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.

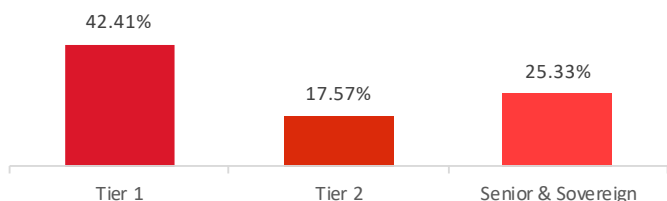
For more information on risks, please refer to the prospectus of the Funds.

## PORTFOLIO SPLIT (in % of assets)

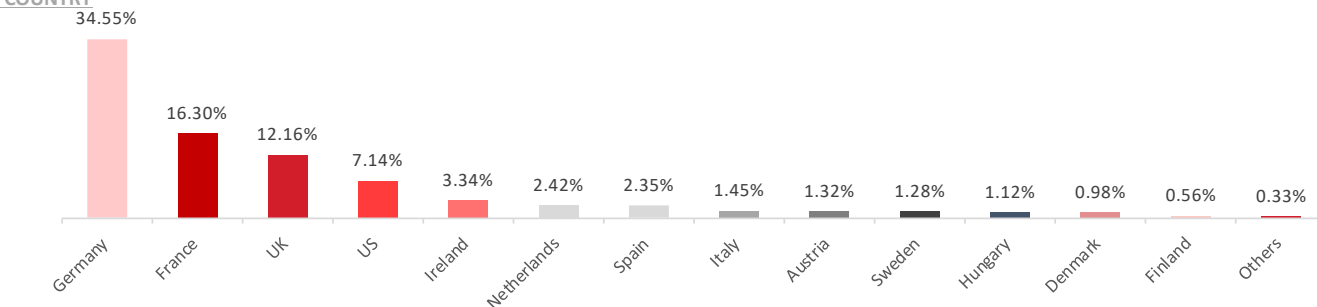
### BY MATURITY<sup>1</sup>



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



### BY COUNTRY<sup>3</sup>

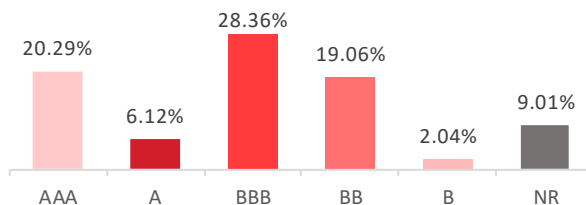


### TOP 5 ISSUERS

LLOYDS	5.60%
LANDESBANK HESSEN	4.11%
CNP	3.51%
AXA	3.00%
ALLIANZ	2.50%

### BY RATING<sup>2</sup>

Bonds external rating



<sup>1</sup> Analysis calculated on the scope of interest rate instruments; all derivatives excluded except single-name CDS

<sup>2</sup> Rating of the bonds, calculated excluding unrated securities

<sup>3</sup> Analysis calculated on the scope of equities and interest rate instruments; all derivatives excluded except single-name CDS

## FUND INFORMATION ON CLASS C

ISIN after the merger in the SICAV LUX:	LU1876459725
Available Currencies <sup>3</sup> :	CHF - EUR - USD
Countries:	CH - LU - FR
Fund type and Profit allocation:	SICAV Lux / Capitalisation
Fund inception date:	14/08/2015
Minimum initial subscription:	1 share
Subscription / repurchases conditions:	Before 11h / Settlement J+3
Management fees:	1%
Performance fees <sup>4</sup> :	20% maximum of the annual performance of the Compartment above a performance of 6%/year

<sup>3</sup> Currency exposure is Systematically hedged <sup>4</sup> All details of the expenses incurred by the fund are available in the Prospectus.

## RESEARCH AND MANAGEMENT TEAM



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Portfolio Manager

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