

# GROUPAMA AXIOM LEGACY 21 J



**Groupama** ASSET MANAGEMENT **AXIOM**



The risk scale SRRI represents the annual historical volatility of the Fund. 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.

## MONTHLY FACTSHEET AS AT 10/30/2020

ISIN Code share J : **FR0013259165**

Benchmark : Euribor 3M + 3%

### KEY FIGURES

AUM:	€475m
Net assets for share class J:	€48m
NAV per share as of 10/30/2020	1036.34
Reference currency:	EUR
Valuation frequency:	Daily

### INFORMATION ON THE FUND

#### Characteristics

Type of fund:	UCI
Inception date:	05/31/2017
Ticker Bloomberg:	GRAL21J FP
Sub-Investment Manager:	Axiom Alternative Investments

#### Investment term

Greater than 4 years

#### Terms and conditions

Minimum initial subscription:	100 000 €
Following subscription:	In thousandths of share or in amount
Centralizer:	CACEIS BANK
Subscription conditions / repurchases:	Every day until 11:00 - NAV per share unknown - Payment D+3

#### Fees

Maximum subscription fees:	5.00%
Maximum redemption fees:	None
Maximum direct management fees:	1.00%

The detail of the fees covered by the fund is available in the funds' legal prospectus.

### Returns 5 years (rebased at 100)



### RETURNS\* HISTORY IN % (5 YEARS)

		January	February	March	April	May	June	July	August	September	October	November	December	Year
2017	<b>Fund</b>						-0.01%	0.64%	0.29%	0.66%	1.18%	0.65%	0.26%	3.73%
	Benchmark						0.22%	0.22%	0.22%	0.21%	0.23%	0.22%	0.21%	1.54%
2018	<b>Fund</b>	1.20%	-0.32%	-0.80%	0.03%	-2.45%	-0.59%	0.41%	-0.38%	0.46%	-0.65%	-1.87%	-1.04%	-5.89%
	Benchmark	0.24%	0.20%	0.21%	0.23%	0.22%	0.21%	0.23%	0.22%	0.20%	0.24%	0.22%	0.22%	2.68%
2019	<b>Fund</b>	1.46%	0.71%	-0.06%	0.84%	-0.32%	-0.14%	0.19%	0.15%	0.40%	1.46%	1.15%	0.76%	6.78%
	Benchmark	0.23%	0.20%	0.21%	0.23%	0.22%	0.20%	0.23%	0.21%	0.22%	0.22%	0.20%	0.22%	2.63%
2020	<b>Fund</b>	1.39%	-0.30%	-10.79%	3.15%	1.45%	1.69%	1.33%	0.84%	0.50%	0.89%	-	-	-0.58%
	Benchmark	0.22%	0.20%	0.22%	0.22%	0.21%	0.23%	0.21%	0.21%	0.21%	0.20%	-	-	2.15%

\* Past performance does not guarantee future results.

### MANAGEMENT CONSTRAINTS

The UCITS may invest on issuers with a minimum rating of investment grade and up to 20% on high-yield (so-called "speculative") issuers or unrated issuers. The proportion of investments in interest rate products will be between 0 and 110% of net assets. It may invest up to 20% of its net assets in "Additional Tier1" or "Coco Bonds". The UCITS may invest up to 50% of its net assets and up to 10% of its net assets in preferred shares. The UCITS equity exposure will not exceed 50% of its net assets.

### INVESTMENT OBJECTIVE

The Fund's objective is to try to obtain, over a recommended minimum investment horizon of 4 years, an annualised return equal to or greater than the 3-month Euribor index +3% after management costs have been deducted.

### RETURNS EVOLUTION\*

GROUPAMA AXIOM LEGACY 21 J Benchmark

#### Annual returns % (5 years)

Year	2017	2018	2019
<b>Fund</b>	3.73%	-5.89%	6.78%
Benchmark	1.54%	2.68%	2.63%
Difference	2.19%	-8.57%	4.15%

#### Cumulative returns in %

Period	1month 30/09/2020	3 months 31/07/2020	YTD 31/12/2019	1 year 31/10/2019	3 y 31/10/2017	5 y -
<b>Fund</b>	0.89%	2.24%	-0.58%	1.32%	0.82%	-
Benchmark	0.20%	0.62%	2.15%	2.59%	8.11%	-
Difference	0.69%	1.63%	-2.73%	-1.27%	-7.29%	-

### RISK ANALYSIS (on 1 year)

	Fund
Volatility	6.72%
Sharpe ratio	0.26
Credit sensitivity	2.30
Duration	2.66
Yield to call	4.82%
Spread	497 bps
Average rating by issuer (WARF)	A-
Average rating by instrument (WARF)	BB+

Min. Max.  
0.0 8.0

### LIMIT OF MODIFIED DURATION

## MONTHLY COMMENT AS AT 10/30/2020

### 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. Financial debt continued to hold up well, on the back of a set of solid quarterly results that beat expectations.

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 intentions 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 withdrawal of 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:

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 generally 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/axiom-monthly-report-2616092>.

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 dividend 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.

### Fund Activity

In the absence of a clear valuations' trend, we have taken our gains on bonds with high sensitivity in the Improving credits bucket (CCR Re, Ageas) and we have strengthened our exposure to Long Calls where the risk of infection confirmed by the EBA further increases the probability of buyback.

In Discounted Bonds, we arbitrated in favour of Cofinoga, because of its structure and the economic cost of keeping the bond a call is almost certain at the beginning of 2022.

Finally, in the Fixed-to-Fixed bucket, we strengthened our position on the Santander 4% prefs with a floor between 97 and 98 before the call was announced.

The fund closed the month with 7.2% in cash and 20.3% in bonds dated within twelve months (including 2.1% AIB 7.375 whose call was announced on the 3rd of December).

### **PRINCIPAL 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 may materialise where specific and exceptional market conditions make finding market counterparties or reasonable prices difficult.

**Use of derivative financial instruments:** Equally, the use of derivatives may increase or decrease the volatility of the Fund by increasing or decreasing its exposure, respectively. In the event of adverse market developments, the net asset value may fall.

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

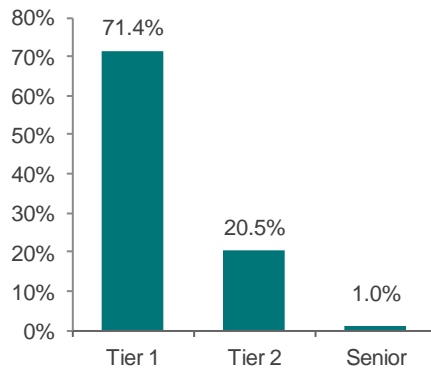


## PORTFOLIO ANALYSIS AS AT 10/30/2020

### GROUPAMA AXIOM LEGACY 21 J

#### ASSET BREAKDOWN BY TYPE OF SUBORDINATION (in % of net assets)

Bonds only

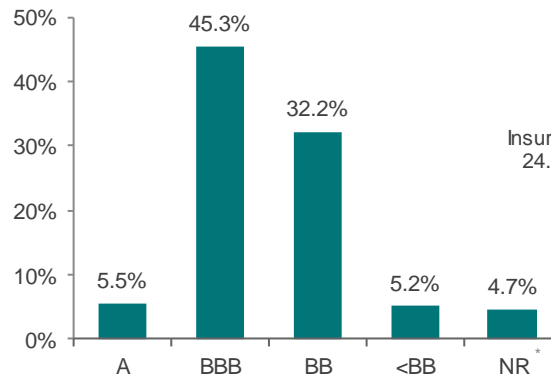


#### ASSET BREAKDOWN BY EXTERNAL RATING (in % of net assets)

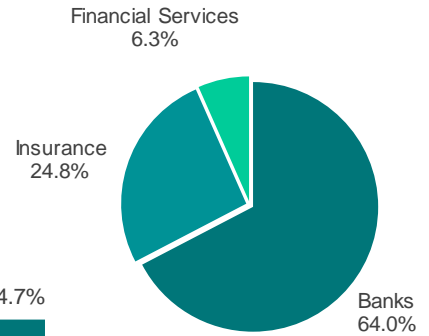
Bonds only

\* NR - Non-rated securities

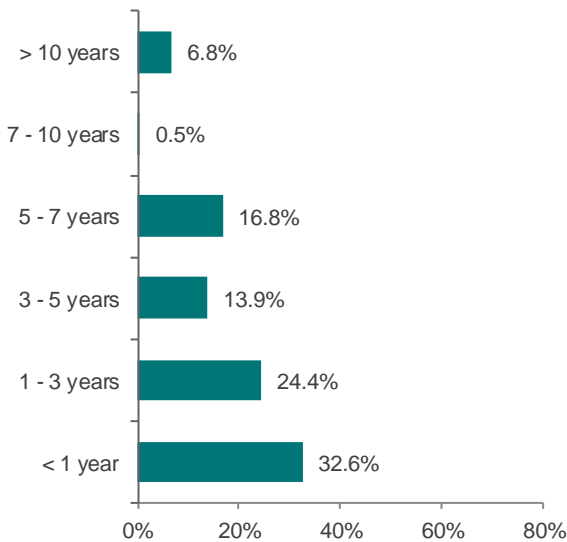
All securities have an IG issuer group rating



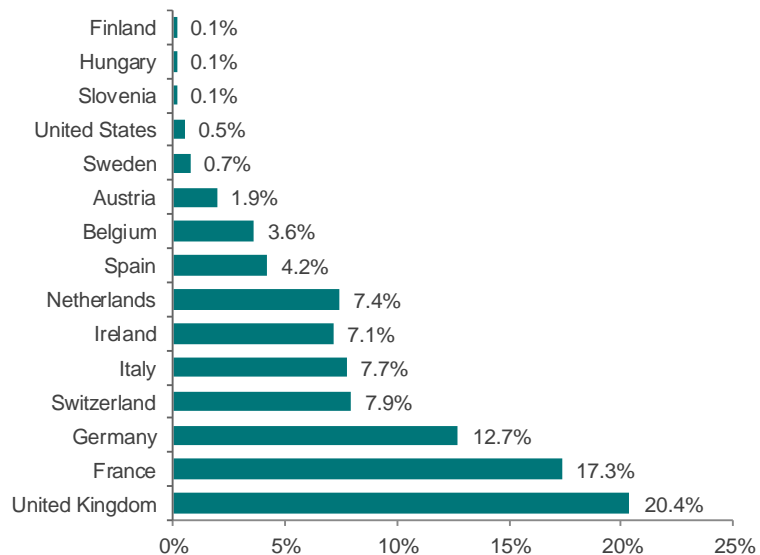
#### ASSET BREAKDOWN BY TYPE OF ISSUER (in % of net assets)



#### ASSET BREAKDOWN BY MATURITY TO CALL DATE (in % of net assets)



#### ASSET BREAKDOWN BY GEOGRAPHY (in % of net assets)



#### HISTORICAL MODIFICATIONS OF THE BENCHMARK (5 YEARS)

None

Groupama Asset Management revises all the external data received.  
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