



MONTHLY FACTSHEET AS AT 12/31/2018

ISIN Code Share P : **FR0013251881**
 Benchmark : Euribor 3M + 3%

KEY FIGURES

AUM:	301.20 M€
Net assets for share class P:	66.27 M€
NAV per share as of 12/31/2018:	979.61
Reference currency:	EUR
Valuation frequency:	Daily

INFORMATION ON THE FUND

Characteristics

Type of fund:	UCI
Inception date:	05/31/2017
Ticker Bloomberg: 12/31/2018	GRAL21P FP
Sub-Investment Manager:	Axiom Alternative Investments

Investment term

Greater than 4 years

Terms and conditions

Minimum initial subscription:	10 000 000 €
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:	1.00% until 03/31/2018, None afterwards
Maximum direct management fees:	0.70%

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

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.

LIMIT OF MODIFIED DURATION	Min. Max.
	0.0 8.0

MONTHLY COMMENT

Market Commentary

The month of December ended a challenging year shaped by increased political and economic fear: Brexit, Italy, US trade war with China, falling oil prices. Investors' perception has gradually deteriorated and a risk-off sentiment finally materialized at the end of the year. Over the year, the spreads of subordinated debt have widened by more than 200 bps year-to-date: from 104 bps to 227 bps.

We believe the decline in financial valuations is not justified given the strong fundamentals. The latter have not stopped improving since the crisis (average capital level significantly increased to 14.70% in September 2018, four times as much as in 2007) and we have seen a number of favourable developments throughout the year confirming the continuous normalisation of European bank balance sheets: ongoing improvement in credit metrics alongside a steady reduction in stocks of non-performing bank loans (average NPL ratio down to 3.4% in September 2018), strong quarterly results, sustained momentum in credit rating upgrades, and stress tests passed with success on historically severe assumptions.

Only Italian banks remain under close surveillance. As expected, at the end of December, the ECB decided to place Banca Carige under supervision and temporary administrators were appointed. The bank had to carry out a capital increase or find a buyer before the end of 2018.

We believe this dichotomy between fundamentals and valuations offers very attractive entry points: the underlying credit quality has not changed, and prices should recover as soon as the

RETURNS EVOLUTION*

GROUPAMA AXIOM LEGACY 21 P Benchmark

Annual returns % (5 years)

Year	2017
Fund	3.85%
Benchmark	1.59%
Difference	2.26%

Cumulative returns in %

Period	1 month	3 months	YTD	1 year	3 y	5 y
	30/11/2018	30/09/2018	31/12/2017	31/12/2017	-	-
Fund	-1.02%	-3.46%	-5.67%	-5.67%	-	-
Benchmark	0.22%	0.66%	2.67%	2.67%	-	-
Difference	-1.24%	-4.13%	-8.34%	-8.34%	-	-

Returns 5 years (rebased at 100)



* Past performance does not guarantee future results.

RISK ANALYSIS (on 1 year)

	Fund
Volatility	1.77%
Sharpe ratio	-3.01
Credit sensitivity	4.25
Duration	1.88
Yield to call	6.28%
Yield to maturity	5.24%

negative sentiment reverses.

Finally, on the regulatory side, the latest updates in the Banking Package (CRD5 / CRR2 / BRRD2 / SRMR) brought more visibility while confirming the potential performance of our Legacy strategies. The implementation of MREL continues to provide an attractive set of investment opportunities within the asset class and we see the regulatory catalyst as relevant as ever. Regardless of difficult market conditions, 2018 saw a number of calls of non-eligible debt instruments continuously throughout the year: Barclays, RBS, Nordea, AXA, BPCE and tentatively Santander, Aegon, etc.

Fund Activity

In December, we increased our exposure to the ringfenced entity within RBS retail bank. The bond, having been issued in 1985, does not comply with the new resolution criteria and offers a yield close to 13% for a rating above BBB- at two agencies.

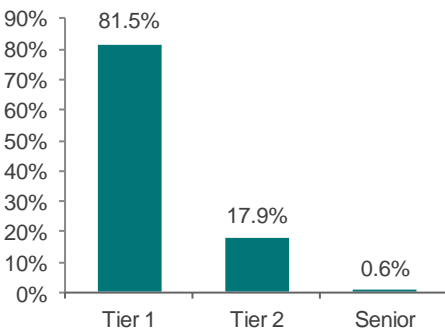
Despite the weak liquidity, we captured an arbitrage opportunity between similar instruments issued by a German cooperative and sold short-dated, low-yielding positions to strengthen the discounted bond bucket to 32.5% (from 27% previously). The fixed-to-fixed bonds bucket has also been strengthened above 40%: the risk of an early call for these positions has decreased and they continue to provide an attractive and low-beta source of liquidity in these challenging market conditions.



PORTFOLIO ANALYSIS AS AT 12/31/2018

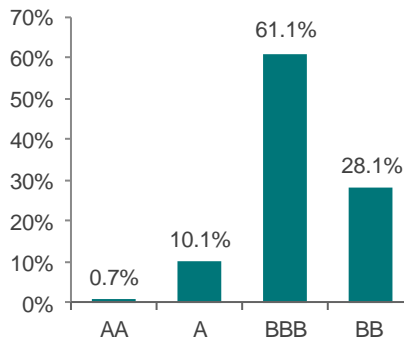
GROUPAMA AXIOM LEGACY 21 P

BREAKDOWN BY TYPE OF SUBORDINATION (in % of the asset excluding cash)

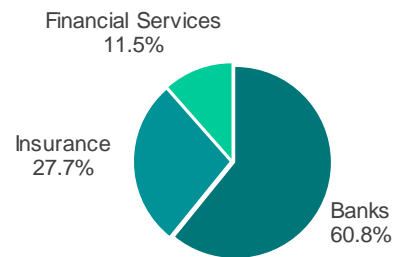


ASSET BREAKDOWN BY RATING* (in % of investment assets)

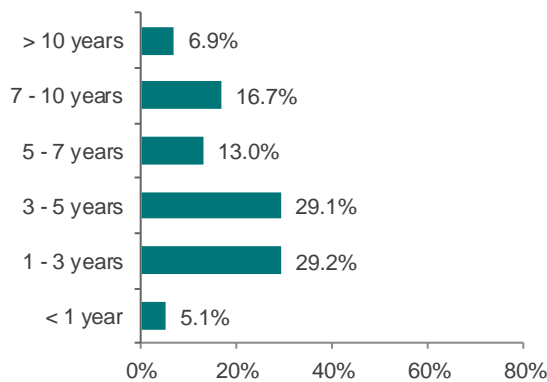
* Securities' rating (Futures and cash excluded, proxy ratings included)



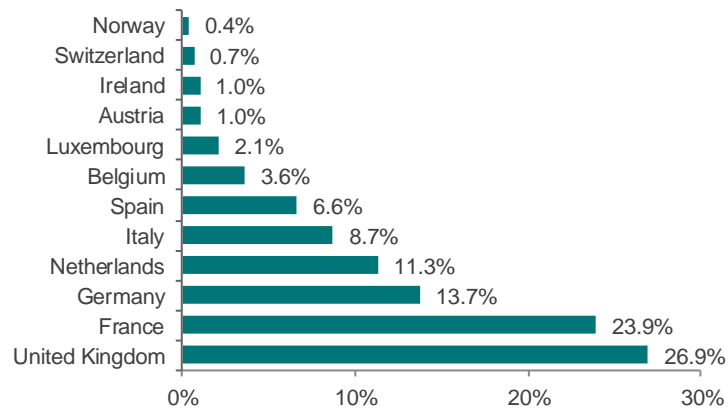
BREAKDOWN BY TYPE OF ISSUER (in % of investment assets)



MODIFIED DURATION BREAKDOWN BY MATURITY



GEOGRAPHICAL BREAKDOWN (in % of the asset excluding cash)



RETURNS** HISTORY IN % (5 YEARS)*

		January	February	March	April	May	June	July	August	September	October	November	December	Year
2017	Fund						0.01%	0.66%	0.31%	0.67%	1.20%	0.67%	0.27%	3.85%
	Benchmark						0.22%	0.23%	0.23%	0.22%	0.23%	0.22%	0.23%	1.59%
2018	Fund	1.21%	-0.30%	-0.78%	0.07%	-2.42%	-0.58%	0.43%	-0.36%	0.47%	-0.63%	-1.85%	-1.02%	-5.67%
	Benchmark	0.23%	0.20%	0.23%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%	2.67%

** Past performance does not guarantee future results.

HISTORICAL MODIFICATIONS OF THE BENCHMARK (5 YEARS)

None

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