Subordinated financial debt

ISIN code : **FR0013259165**

Marketing Communication

GROUPAMA AXIOM LEGACY J

May 2024

Data as of 31/05/2024

AuM	NAV
348M€	1091,94€

Risk profile

Lower risk 1 **2** 3 4 5 6 7 Higher risk

Potentially lower yield

This indicator represents the risk profile shown in the DICI. the risk category is not guaranteed and may change during the month.

Potentially higher yield

Recommended investment horizon

1y. 2ys. 3ys. **4ys. and more**

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.

Characteristics

Bloomberg ticker	GRAL21J FP
Benchmark	Euribor 3M +3%
SFDR classification	Article 8
Fund inception date	31/05/2017
Reference currency	EUR
Class inception date	5/31/2017
Last dividend payment date	-
Amount of last dividend paid	-
PEA	-

Fees

Maximum subscription fees	5%
Maximum redemption fees	-
Maximum direct management fees	1%
Maximum direct management fees	-

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

Morningstar Rating

(Data as of 31/01/2023)

★★☆☆☆

Category " EUR Subordinated Bonds "

SFDR 8

ACRS score

39%

vs 42% for the universe

ESG score

50

vs 49 for the universe

ITR

2,8 °C

vs 2,8 °C for the universe

Terms and conditions

Valuation frequency	Daily
Dividend policy	Accumulation
Minimum initial subscription	100 000 €
Subscription conditions	11:00, Paris time
Repurchases	J+3
Centralizer	CACEIS BANK

Past performance does not guarantee future results.

AXIOM ALTERNATIVE INVESTMENTS

Groupama ASSET MANAGEMENT

GROUPAMA AXIOM LEGACY J

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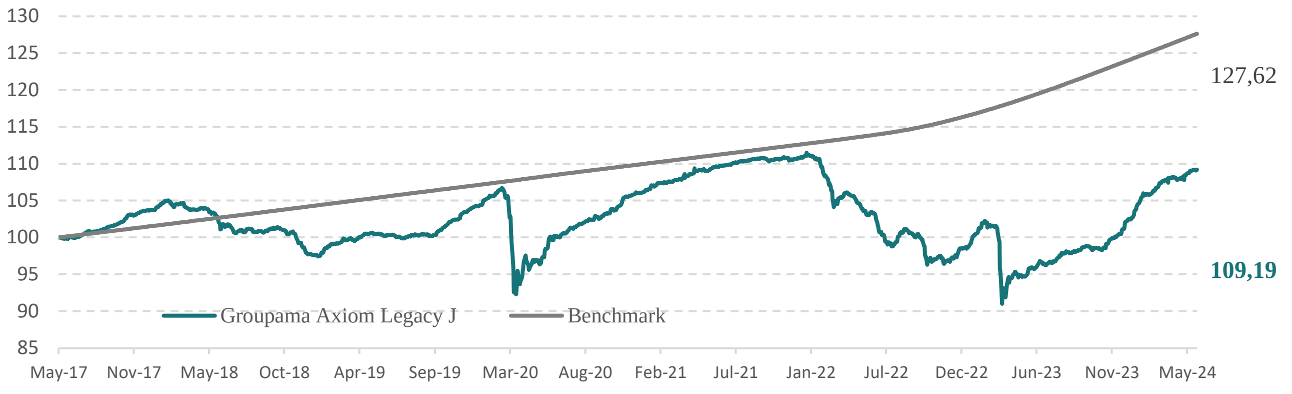
GROUPAMA AXIOM LEGACY J — BENCHMARK (Euribor 3M + 3%)

PORTFOLIO PERFORMANCE SINCE INCEPTION (rebased at 100)



Past performance does not guarantee future results.

Source : Axiom Alternative Investments

Cumulative returns in %

	1 month	3 months	YTD	1 year	3 years	5 years	10 years	Inception
Since	30/04/2024	29/02/2024	29/12/2023	31/05/2023	31/05/2021	31/05/2019	-	02/06/2017
Fund	**0,85%**	**2,33%**	**6,58%**	**14,10%**	**0,08%**	**8,96%**	**-**	**9,19%**
Benchmark	0,57%	1,71%	2,89%	6,97%	14,90%	20,96%	-	27,62%
Difference	0,29%	0,62%	3,68%	7,14%	-14,82%	-12,00%	-	-18,42%

(*) YTD (Year to Date): performance since the beginning of the current year.

Annual returns in % (since inception)

	2017	2018	2019	2020	2021	2022	2023
Fund	**-**	**-5,89%**	**6,78%**	**1,76%**	**4,68%**	**-11,30%**	**4,03%**
Benchmark	-	2,73%	2,68%	2,62%	2,49%	3,37%	6,50%
Difference	-	-8,62%	4,10%	-0,86%	2,19%	-14,67%	-2,47%

Source : Axiom Alternative Investments

Main risks

Credit risk: this risk arises from the possibility that an issuer of bonds or debt securities may not be able to honour its payment obligations, i.e. the payment of coupons and/or the repayment of capital at maturity. Such a default may result in a decrease in the net asset value of the sub-fund (including total return swaps or DPSs). This also includes the risk of a downgrade of the issuer's credit rating.

Counterparty risk: A sub-fund that invests in OTC derivatives may be exposed to the risk arising from the creditworthiness of its counterparties and their ability to meet the terms of such contracts. The sub-fund may enter into forward contracts, options and swaps, including CDS, or use derivative techniques, which involves the risk that the counterparty may not meet its obligations under each contract.

Liquidity risk: risk arising from the difficulty or impossibility of selling securities held in the portfolio when necessary and at the price at which the portfolio is valued, due to the limited size of the market or insufficient trading volumes on the market where these securities are usually traded. The realisation of this risk may result in a decrease in the net asset value of the sub-fund.

Use of derivatives: If a sub-fund whose performance is linked to an underlying asset frequently invests in derivatives or securities other than the underlying asset, derivative techniques will be used to link the value of the shares to the performance of the underlying asset. While the prudent use of such derivative techniques may be beneficial, derivatives also involve risks which in some cases may be greater than the risks associated with more traditional instruments. Transaction costs may be associated with the use of such derivatives.

Sustainability risk: An event or situation in the environmental, social or governance field which, if it occurred, could have an actual or potential negative impact on the value of the investment or commitment.

Risk of loss of capital: the sub-funds do not offer any protection or guarantee. As a result, investors may not be able to fully recover their initial investment.

For more information on risks, please consult the fund prospectus.

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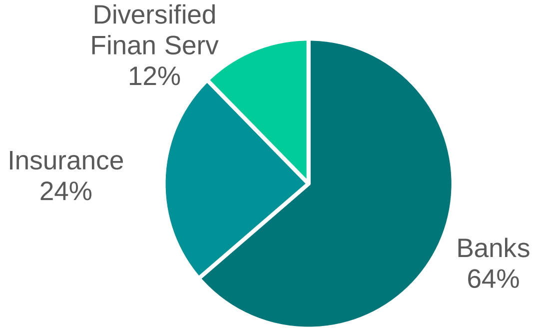
Risk analysis (on 1 year)

Volatility 1 an	2.11%
Sharpe Ratio	3.26
Credit Sensitivity	3.53
Duration	2.62

Yield to call	6.77%
Spread	377
Average rating by issuers (WARF)	A-
Average rating by instruments (WARF)	BBB-

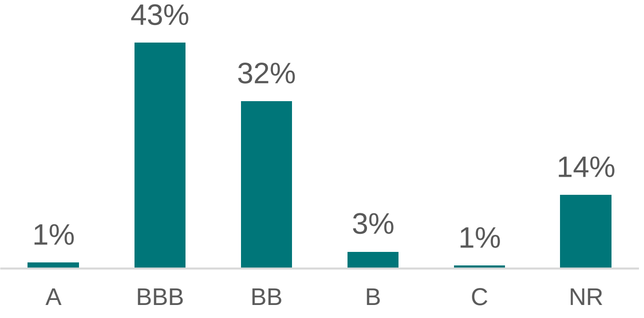
Asset breakdown by type of issuer (in % of net assets)



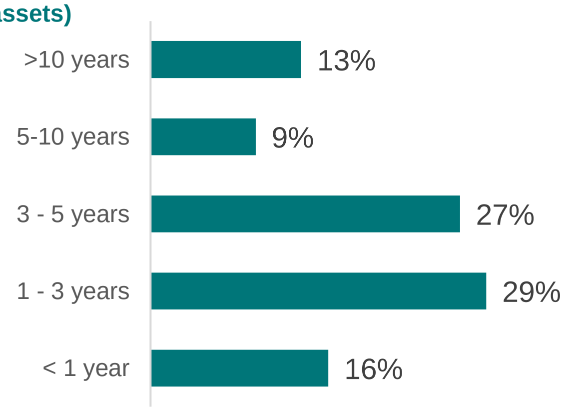
Asset breakdown by type rating (in % of net assets)

Bonds only

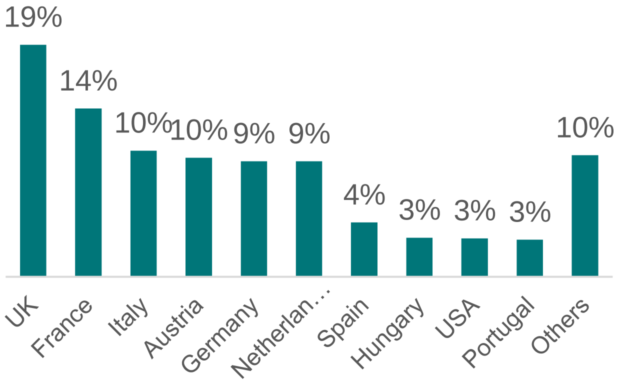
* NR – Non-rated securities



Asset breakdown by maturity to call date (in % of net assets)

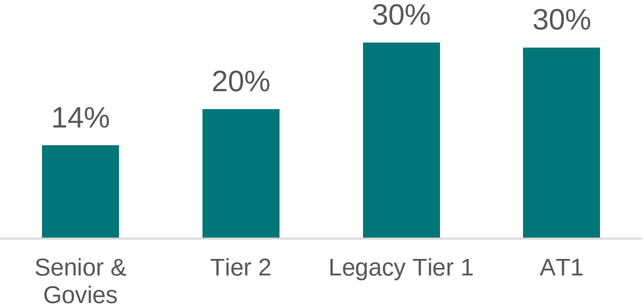


Asset breakdown by geography (in % of net assets)



Asset breakdown by type of subordination (in % of net assets)

Bonds only



Top 10 holdings (in % of net assets)

Holding	%
CCF HOLDING SAS	3.20%
UNIPOLSAI ASSICURAZIONI	2.92%
UNICREDIT SPA	2.56%
IKB DEUTSCHE INDUSTRIEBK	2.51%
OLDENBURGISCHE LANDESBK	2.44%
BNP PARIBAS	2.17%
COVENTRY BLDG SOCIETY	2.12%
AEGON LTD	2.10%
SAXO BANK	2.05%
STANDARD CHARTERED PLC	2.05%

Source : Axiom Alternative Investments

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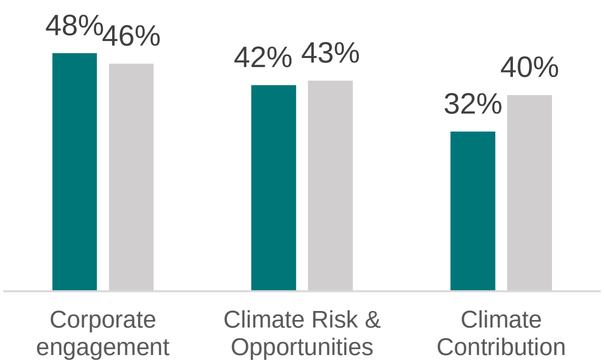
GROUPAMA AXIOM LEGACY — INVESTMENT UNIVERSE

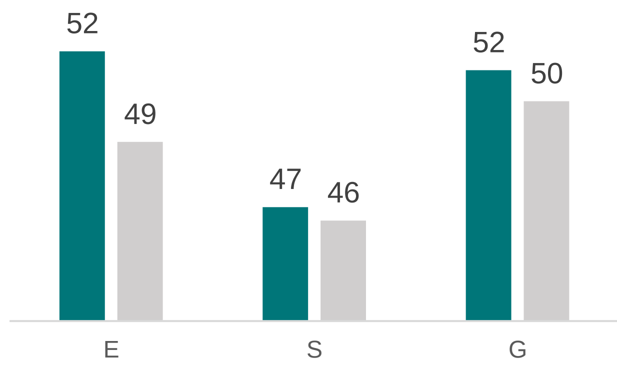
ESG performance indicators

	GROUPAMA AXIOM LEGACY		*Universe*	
	Average	**Issuer coverage**	*Average*	*Issuer coverage*
ACRS	**39%**	**34**	*42%*	*76*
°C	**2.8**	**49**	*2.8*	*96*
ESG	**50**	**58**	*49*	*291*

ACRS by pillars



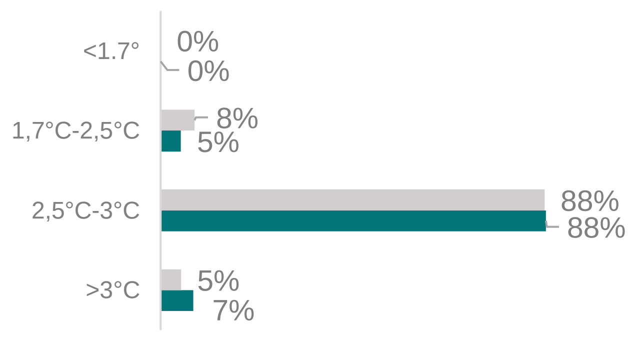
ESG by pillars



Top 5 holdings by ACRS

	ACRS	ESG	ITR
DE VOLKSBANK NV	63%	N/A	2.4
DRESDNER FNDG TRUST I	53%	54	2.7
XL GROUP LTD	52%	81	3.6
NATL WESTMINSTER BANK	52%	51	2.8
STANDARD CHARTERED PLC	51%	46	2.9

Breakdown by Implied Temperature Rise (ITR)



Source : Axiom Alternative Investments

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Management team

Paul GAGEY

Monthly comment

Source : Axiom Alternative Investments

In May, Groupama Axiom Legacy delivered a positive performance of +0.84% (P share class), bringing the 2024 performance to 6.50%.

Risk assets rallied in May as US treasuries recouped some of their April losses. US growth and inflation surprised to the downside, while the opposite is true in Europe. The yield on US 10y treasuries ended the month 20 bps lower at 4.5%, while Bund yields were 3 bps higher at 2.61%. The Xover and the Subfin tightened to resp. 295 bps and 105 bps, not far from their all-time lows.

Central banks have turned slightly more hawkish following a series of disappointing inflation prints. In the US, annualized core PCE and core services PCE are still trending above 3%. In Europe, there was an upside surprise in negotiated wages driven by Germany bonus payments. May core HICP rose to 2.9%, with the services component reaching 4.1%. Overall, though wages are moderating, there is little evidence that inflation is reverting to 2%.

Moving to European financials, M&A continued to hit the headlines. ABN announced the acquisition of Hauck Aufhauser Lampe, a mid market private bank in Germany. There were rumors of talks between EFG and Julius Baer. After shareholder approvals, the two UK deals (Virgin - Nationwide and Coopbank - Coventry) have advanced to the next stage and are expected to complete in late 2024 or early 2025. Unicredit is said to be looking at a potential acquisition of FiBank in Romania. In an interview with Bloomberg, Emmanuel Macron indicated that he was supportive of cross-border banking M&A, even if it involved a French target.

On the regulatory front, the EU CMDI (Crisis Management and Deposit Insurance) package seems to be making progress. The proposal extends the resolution toolkit to smaller banks, introduces a single-tier depositors preference, and clarifies the interaction between deposit guarantee schemes and the single resolution fund. In the US, the initial Basel 3 Endgames proposals have been significantly watered down, with the total increase in required capital levels now estimated at ~10% vs. ~20% initially. Governor of the Bank of France Villeroy de Galhau urged the EU to push back the implementation of the new market risk regulations to make sure EU banks won't be at a disadvantage versus their US counterparts.

In other news, the Italian factoring specialist BFF has been subject to a dividend and bonus ban following a Bank of Italy investigation, which showed that the bank did not correctly apply the Definition of Default regulations.

Primary markets remained buoyant. Aareal returned to the market with a senior non-preferred priced at +255 bps. The Portuguese insurer Fidelidade issued an inaugural RT1. Satander, Erste Bank and Intesa printed new AT1s, all with a 7% coupon. CCF Holdings has announced a tender offer for its existing AT1 at par and a new issue of 225 million euros with a coupon of 9.25%.

Fund activity

Source : Axiom Alternative Investments

We acquired a legacy bond issued by the Aegon insurance group. This perpetual bond will no longer be included in regulatory capital after 2025. This subordinated security is rated BBB. It carries a cumulative coupon. Finally, this investment is relatively defensive due to a significant discount.

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Our ESG and climate approach

General methodology

The selection is based on the following ESG tools :

- **Exclusion policy:** determines the exclusions we make due to proven controversies, non-adherence to major initiatives such as the PRB (Principle for Responsible Banking) and sector or thematic restrictions.
- **ACRS - Axiom Climate Readiness Score:** in-house climate rating methodology.
- **ESG Database:** analysis of ESG factors and their rating.

The combination of all these tools allows us to offer a fund with an ESG score higher than that of issuers in the top three quartiles of its investment universe.

Our climate methodology

The fund is targeting leading issuers in terms of climate change integration. It evaluates issuers based on :

Corporate engagement

Sets the priority level given to climate change by the board and top management, the company's climate strategy, and corresponding objectives, as well as the degree of transparency of communication and the means deployed to address climate change.

Climate risk and opportunities

Assesses the processes and tools used to identify, measure and mitigate the issuer's exposure to climate-related risks, as well as its approach to seizing opportunities arising from the energy transition.

Climate contribution

Assesses the share of the issuer's investments and/or loans in companies or financial instruments that seek to contribute to the "greening" of the economy as well as the products or solutions offered that aim to combat climate change. In the case of banks, Axiom AI is computing an ITR metric (Implied Temperature Rise).

ITR (Implied Temperature Rise)	Also known as 2° alignment metric, is a forward-looking measure that attempts to estimate a global temperature associated with the greenhouse gas emissions of entities in a portfolio or investment strategy.
ESG	Refers to the Environmental, Social and Governance (ESG) criteria that enable an analysis of a company's non-financial performance.
Energy transition	Refers to the transition from the current energy production system, mainly based on fossil fuels, to an energy mix based largely on renewable or low carbon energies.

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.

Historical modifications of the benchmark (10 years)

None.

Disclaimer