

## Axiom Obligataire – Share Class IC EUR(v)

Sub-fund of the Luxembourg SICAV : Axiom Lux

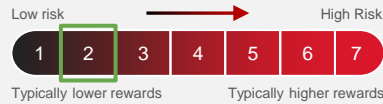
### NAV & Monthly perf.

1165.1  
0.28%

### Assets Under Management

€ 332M

### Risk and reward profile<sup>1</sup>



### SFDR<sup>2</sup>



#### Asset manager

Axiom Alternative Investments

#### Legal structure

Luxembourg SICAV : Axiom Lux

#### Strategy inception date<sup>4</sup>

23/07/2009

#### Sub-fund inception date<sup>4</sup>

Absorption the 25/01/2019

#### Share class inception date

23/03/2016

#### ISIN Code

LU1876461465

#### Minimum subscription

250 000 EUR

#### Share class currency

EUR

#### Management fees

12%

#### Entry charge

0% (2% max.)

#### Exit charge

0% (2% max.)

#### Performance fee

20% (if perf. > index)

#### Type of share

Accumulation

#### Valuation frequency

Daily

#### Cut-off and settlement day

before 12.00 PM / 3 business days

#### Main risks

Credit risk, counterparty risk, liquidity risk (for more information please refer to the Fund's prospectus)

### Investment objectives<sup>3</sup>

The objective of this Fund is to achieve, over a minimum 3-year investment horizon, a return (net of management fees) similar to or greater than that of its benchmarks : ICE BofAML Euro Financial Index (40%), ICE BofAML Euro Corporate Index (40%) and ICE BofAML Contingent Capital Index (20%)<sup>5</sup>. The Fund is actively managed and references the Benchmarks for comparative purposes only.

### Historical performance (EUR)

#### Historical performances

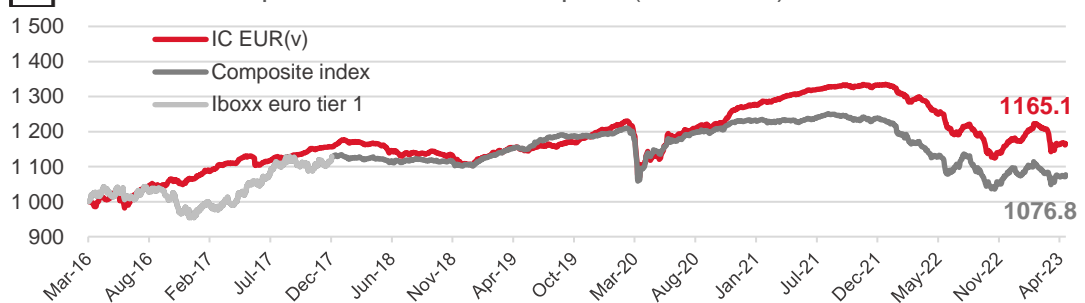
	2018	2019	2020	2021	2022
Axiom Obligataire - IC EUR(v)	-4.26%	8.91%	5.42%	4.90%	-12.05%
Benchmark	-2.03%	7.80%	3.25%	0.15%	-12.84%

#### Cumulated performances

#### Annualized performances

	1month	YTD	1year	3 years	5 years	3 years	5 years	Since inception
Axiom Obligataire - IC EUR(v)	0.28%	-0.65%	-8.57%	2.76%	-0.03%	0.91%	-0.01%	2.17%
Benchmark	0.74%	0.23%	-5.43%	-6.19%	-4.18%	-2.11%	-0.85%	1.05%

### Net of fees performance since inception (base 1000)



### Key metrics

Number of positions	124	Modified Duration	2.04
Volatility 5 years	4.10%	Credit sensitivity	2.90
Volatility 3 years	3.61%	Yield to call EUR	9.97%
Sharpe ratio 5 years	0.01	Yield to maturity EUR	9.09%
Sharpe ratio 3 years	0.22	Average rating by issuers (WARF)	BBB-
Spread	707 bps	Average rating by instruments (WARF)	BB+

Past performance is not indicative of future results

Source : Axiom AI | <sup>1</sup> Risk and reward profile represents the annual historical volatility of the sub-fund over a 5-year period. Historical data such as that used to calculate the synthetic indicator may not be 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". The capital initially invested is not guaranteed | <sup>2</sup> Refer to the page 3 of the document | <sup>3</sup> There is no guarantee that the investment objective will be achieved or that there will be a return on investment | <sup>4</sup> Fund created as a FCP under French law on 07/23/2009 before being absorbed by the SICAV Axiom Lux under Luxembourg law on 01/25/2019 | <sup>5</sup> More information about the indexes : <https://www.theice.com/market-data/indices> | <sup>6</sup> Yield to maturity, excluding cash, in all currencies. Yield to maturity is the rate of return on the portfolio assuming that the securities are not redeemed and held in perpetuity | <sup>7</sup> Net of fees performances


 Monthly commentary


PAUL GAGEY  
Portfolio Manager

Following last month's tremors, the financial sector is progressively catching its breath. Investors have been reassured by the responsiveness of regulators and public authorities as well as by strong Q1 2023 results. Symbol of a return to the truth of fundamentals and renewed trust in financial values, the European banking index SX7R ended the month up 3.48%.

In the US, regional banks are showing stable deposit metrics, confirming that the risks of deposit flight remain limited to very peculiar and fragile banks. For European banks, the results so far tend to confirm that the fall of the "weakest link" has ultimately strengthened the sector. There were no bad surprises on deposits and pre-provisions profits came out well above expectations, pushing analysts to raise their profit estimates for 2023.

The bond market remained quite stable in April, with a slight dynamism at the end of the month on AT1s, supported by the call announcement of the 65/8 bond from Unicredit. The market is anticipating buyback programs from Barclays, BBVA and Santander. However, the primary market was rather quiet, with the only new issue being a Tier 2 bond from OSB Group.

In Europe, economic indicators were mixed, pointing to weakness in manufacturing and retail sales, but a sustained rebound in services and the strongest job markets in many years. Regarding central banks, the ECB is expected to announce another rate hike early next month, which the market estimates at +25 bps. Thus, the French 10-year yield ended the month up 10bps at 2.88%.

As for its American counterpart, the market is also expecting another increase early-May from the Fed, that should be in line with the previous one, at +25 bps. Subject to the evolution of economic indicators, this announce could foreshadow a progressive end to monetary tightening. The US 10-year yield fell slightly during the month, from 3.46% to 3.42%.

In this context, credit spreads have hardly evolved:

- The Main and Senior Fin remained stable at 116 bps and 98 bps respectively,
- The Sub Fin has spread to 187bps from 183bps at the beginning of the month,
- The Xover tightened slightly, ending the month at 435bps vs 436bps at the beginning of April.

On the regulatory front, the European Commission proposed their reform package for bank crisis management and the deposit insurance framework. The most relevant proposal was the change to the creditor hierarchy which would subordinate senior preferred bonds to all deposits. The UK (BoE) and US (FeD) central banks are also reportedly considering amendments to their respective deposit protection frameworks. These new announcements could be a source of opportunity, initiating once again the cycle of regulation evolution.

#### Funds Activity

We have invested in Banque Internationale à Luxembourg, the third largest bank in the country. The bank is well capitalised with a CET1 ratio of 13.8% and a NPL ratio of 3.6%. The selected investment is a Tier 2 subordinated bond with a yield close to 7%.

These examples do not constitute an investment recommendation


 Portfolio management and research team


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Chief Investments Officer



Jérôme LEGRAS  
Managing Partner  
Head of Research



Antonio ROMAN  
Portfolio Manager



Adrian PATURLE  
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Gildas SURRY  
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Portfolio Manager



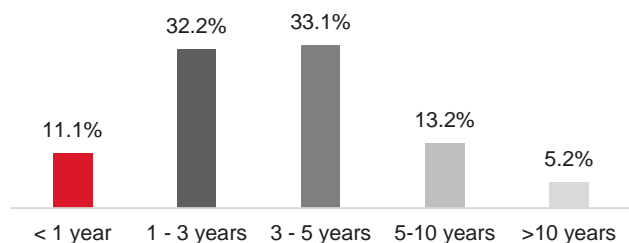
Paul GAGEY  
Portfolio Manager



Laura RAMIREZ  
ESG Analyst

## Portfolio breakdown (in % of assets)

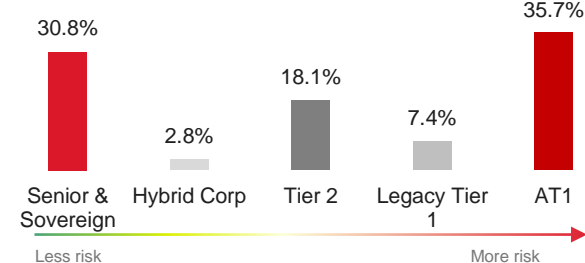
Breakdown by maturity<sup>1</sup>



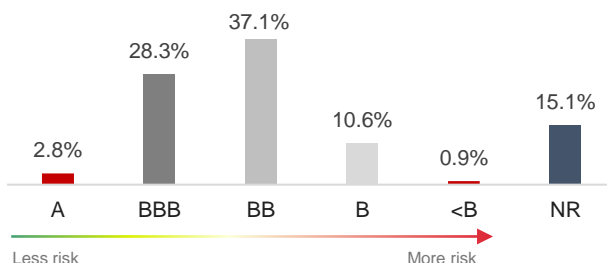
Top 5 issuers<sup>2</sup>

QUATRIM SAS	2.6%
VAN LANSCHOT NV	2.4%
HLD EUROPE	2.2%
LEASEPLAN CORPORATION NV	2.1%
SAXO BANK	2.1%

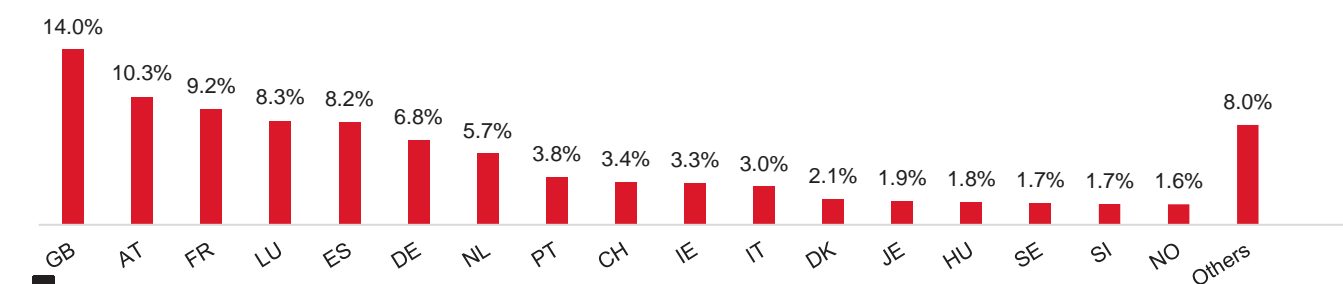
Breakdown by subordination<sup>3</sup>



Breakdown by rating<sup>3</sup>



Breakdown by country<sup>1</sup>



## Glossary

<b>Debt subordination</b>	The general principle is that when there is not enough money to pay all the debts, the subordinated debt will be paid after the other debts.
<b>Tier 1</b>	These securities do not have priority in the event of liquidation, they do not have a maturity date, their coupon is optional and cannot be accumulated. They are the riskiest debt securities and therefore offer some of the highest returns.
<b>Legacy bonds</b>	Hybrid debt that was eligible as regulatory capital under Basel 1 or Basel 2 and that is not eligible under Basel 3.
<b>Contingent convertible (Coco)</b>	Securities that can be converted into shares under certain circumstances, usually when a solvency ratio threshold has been crossed.
<b>ITR (Implied Temperature Raise)</b>	Also known as 2 <sup>o</sup> 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.
<b>ESG</b>	Refers to the Environmental, Social and Governance (ESG) criteria that enable an analysis of a company's non-financial performance.
<b>Energy transition</b>	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.

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Source : Axiom AI | <sup>1</sup> Analysis calculated on the scope of interest rate instruments; all derivatives excluded except single-name CDS | <sup>2</sup> Excluding Government bonds | <sup>3</sup> Fixed income securities only

## Our ESG and climate approach

### Methodology

Our selection of holdings takes into account the following ESG criteria:

- **Exclusion policy** : determines the exclusions we make due to proven controversies, and sectoral or thematic restrictions.
- **ACRS - Axiom Climate Readiness Score** : Our proprietary tool devised to analyze the climate readiness and impact of issuers.
- **ESG database**: ESG performance analysis of the companies and their rating.

### Our climate approach

The fund takes into account the climate performance of banks and insurers in the following aspects



Determines the degree of priority given to climate change by the company's top management, its climate strategy and objectives, and the degree of transparency



Evaluates the processes implemented and tools used to identify, measure and mitigate exposure to climate-related risks, as well as its approach to seizing the opportunities of the energy transition.



Assesses the share of the issuer's investments and/or loans in companies or financial instruments that contribute to the transition. In the case of banks, the implied temperature increase of the corporate loan portfolio is calculated.

## ESG Key metrics

■ Axiom Obligataire ■ Investment universe

### Key metrics

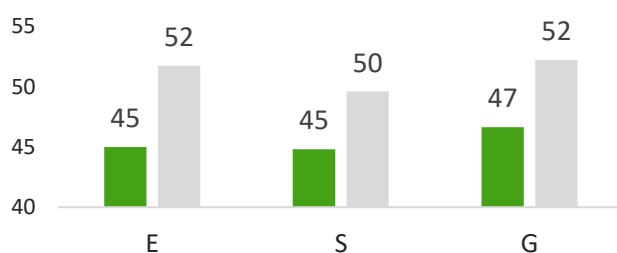
	ACRS	°C	ESG
Portfolio rating	40%	2,7	44
Universe rating	42%	2,8	51
# companies in the universe	67	101	532
# of companies in the portfolio	27	40	64

The ACRS, implied temperature (°C) and ESG scores represent 31%, 47% and 74% of the fund's assets respectively (index & derivatives excluded).

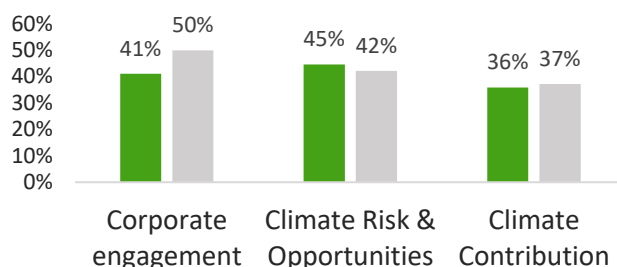
### Top 5 holdings by ACRS

Issuers	CNTY	ACRS	°C	ESG
CESKA SPORITELNA	AT	55.3%	2.5	39
MBANK	DE	52.6%	2.7	46
NATL WESTMINSTER BANK	GB	51.6%	2.8	61
BBVA	ES	50.2%	2.7	86
AIB GROUP	IE	48.7%	2.7	69

### ESG average ratings



### ACRS by pillars



More information on our climate approach is available upon request.

Source: Axiom AI based on data from S&P Market Intelligence, Iceberg datalab, internal research | The estimates presented here cannot be compared to other ESG or climate funds as they are based on a proprietary methodology developed by Axiom AI. Our methodology relies on third-party data from ESG/Climate data providers that may contain inaccurate or incomplete data. In the event of insufficient data, these providers may resort to estimates and approximations using internal methodologies that may be subjective. As we rely on this data for our investment decisions, such uncertainty can negatively impact portfolio performance.



## Main risks

**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.

**Operational risk:** the risk of losses resulting from inadequate or failed internal processes, people, systems or external events. The occurrence of these risks may cause the net asset value of the fund to fall

**Currency risk:** as some of the assets may be denominated in currencies other than the reference currency, the sub-fund may be affected by changes in exchange controls or in the exchange rates between the reference currency and these other currencies. For this reason, the sub-fund will systematically hedge against this risk. However, a residual risk remains. These exchange rate fluctuations may cause the net asset value of the sub-fund to fall.

**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.

**Exchange rate:** Any investment in equities may involve directly or indirectly an exchange rate risk. While the net asset value of the sub-fund is calculated in its reference currency, the performance of an underlying asset or its components denominated in a currency other than the reference currency will also depend on the exchange rate of that currency. Similarly, the currency other than the reference currency in which an asset of the sub-fund is denominated implies a currency risk for the sub-fund.

**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 realization 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.

**Climate/ESG data risk:** The Management Company's ESG integration process relies on third party data from climate/ESG data providers. Data providers may apply different models and use different sources of information, which may contain inaccurate, incomplete or unaudited data. In addition, where data is insufficient, data providers may use internal methods to produce subjective estimates and approximations. Similarly, the Management Company conducts qualitative analysis based on self-reported information, which is generally not audited by a third party. As the portfolio manager bases its investment decisions on this data, this uncertainty in data collection may have a negative impact on the performance of the portfolio.