



# Axiom Obligataire

## Investment objective

The fund aims to generate attractive returns by investing in senior or subordinated private sector bonds with a strategic focus on the European Financial sector. The strategy is based on "bond picking". The fund favors Investment Grade issuers and may invest in fixed or floating rate bonds.

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%) (together the "Benchmarks")).

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 METRICS AND RISK ANALYSIS

Net assets:	€222m	Modified Duration:	2.01
Volatility since inception (Unit I):	8.56%	Credit sensitivity:	2.66
Yield to maturity <sup>2</sup> :	4.51%	WARF Issuer (avg. rating):	BBB-
Yield to call <sup>3</sup> :	3.82%	WARF by instrument (avg. rating):	BB
Sharpe ratio since launch	0.76	Number of positions:	96

## NAV values as at 01/29/21

BC (USD)	C (EUR)	D (EUR)	E (GBP)	G (EUR)	I (EUR)	J (EUR)	M (CHF)	R (EUR)
LU1876461036	LU1876460731	LU1876460814	LU1876461200	LU1876461622	LU1876461465	LU1876461549	LU1876461119	LU1876460905
\$2 312	2 102 €	1 995 €	£2 196	1 160 €	1 275 €	1 287 €	1 985 CHF	1 934 €
0.30%	0.23%	0.23%	0.28%	0.31%	0.28%	0.31%	0.21%	0.20%

## RETURNS EVOLUTION SINCE INCEPTION – Unit C (EUR)<sup>4</sup>

Performance since inception (NAV rebased at 1000)



Past performance does not guarantee future results.

## Historical performances

	1 month		3 months		YTD	1 year		3 years <sup>4</sup>		5 years <sup>4</sup>		Since launch <sup>5</sup>	
	Jan.	Feb.	March	April	May	June	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Year
<b>2009</b>	-	-	-	-	-	-	-	-2.57%	9.72%	3.25%	-1.29%	2.70%	<b>11.88%</b>
<b>2010</b>	7.07%	1.09%	5.50%	4.80%	-5.26%	-3.07%	7.54%	-0.38%	4.15%	3.10%	-10.88%	-0.29%	<b>12.34%</b>
<b>2011</b>	2.58%	3.18%	2.42%	2.00%	0.33%	-2.49%	-2.60%	-13.57%	-20.42%	9.41%	-13.09%	6.50%	<b>-26.61%</b>
<b>2012</b>	15.50%	10.36%	2.19%	-4.32%	-7.64%	0.96%	2.02%	4.74%	6.70%	1.36%	2.57%	3.47%	<b>42.54%</b>
<b>2013</b>	2.16%	0.35%	0.29%	2.75%	1.10%	-1.71%	2.47%	0.54%	1.40%	2.44%	1.17%	0.56%	<b>14.29%</b>
<b>2014</b>	1.96%	1.22%	0.91%	1.56%	0.94%	0.55%	-2.11%	-2.10%	-1.53%	-0.62%	0.09%	-0.51%	<b>0.26%</b>
<b>2015</b>	-0.66%	1.91%	0.29%	0.45%	0.38%	-1.00%	0.53%	-0.50%	-1.78%	1.50%	0.93%	-0.51%	<b>1.50%</b>
<b>2016</b>	-3.64%	-4.33%	2.09%	1.49%	0.97%	-2.23%	2.39%	2.21%	-0.42%	2.48%	-1.34%	1.48%	<b>0.85%</b>
<b>2017</b>	2.26%	1.37%	1.03%	1.05%	0.66%	-1.80%	1.39%	0.09%	0.62%	1.27%	0.37%	0.13%	<b>8.71%</b>
<b>2018</b>	1.64%	-0.44%	-0.74%	0.11%	-2.08%	-1.03%	0.67%	-0.32%	0.42%	-1.11%	-1.58%	-0.60%	<b>-4.99%</b>
<b>2019</b>	1.66%	1.17%	0.28%	0.94%	-0.92%	0.92%	0.35%	0.20%	0.30%	1.01%	1.28%	0.61%	<b>8.06%</b>
<b>2020</b>	1.07%	-0.68%	-9.20%	2.89%	2.03%	2.24%	1.14%	1.44%	-0.26%	0.39%	3.43%	0.80%	<b>4.79%</b>
<b>2021</b>	0.23%	-	-	-	-	-	-	-	-	-	-	-	<b>0.23%</b>

<sup>2</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>3</sup>Yield to call of the portfolio, excluding cash, all currencies combined. The yield to call is the yield at the anticipated reimbursement date of the bonds. <sup>4</sup>Annualized performances<sup>5</sup>Past performance does not guarantee future results. <sup>6</sup>Strating August 23rd not a full month

 MARKET COMMENTARY


**Paul Gagey**  
Gérant du fonds

## Market commentary

Throughout January there was no major trend for financial stocks, with the main price catalysts concentrated on the two previous months. On the macroeconomic front, debates over inflation risk following Joe Biden's inauguration and the implementation of the Democratic program led to an increase in US rates. In Europe, any reflation tentative was dismissed by the European Central Bank, ready to keep policy rates low for as long as possible. The SubFin widened slightly from 111 bps to 118 bps mainly due to the political climate in Italy following the resignation of Prime Minister Giuseppe Conte.

The results season started very well, with the majority above expectations in terms of revenues, interest margin and volumes for Spanish, Nordic and Swiss banks.

Consolidation of the sector and cost reduction continued. Natwest wants to divest its activities in Ireland, which is of interest to Permanent TSB. The appointment of Andrea Orzel as head of UniCredit should accelerate the absorption of Monte Dei Paschi, while the merger of Unicaja and Liberbank was approved by the boards of directors of both banks. In Germany, Commerzbank announced an aggressive restructuring plan that aims at a 30% reduction in headcount, coupled with a reduction in the number of branches, half of which are to be closed.

On the regulatory side, the ECB published the results of its Supervisory Review and Evaluation Process (SREP) for 2021. It has kept capital requirements unchanged, leaving room for manoeuvre for banks. The EBA published its scenarios for the upcoming stress tests. The regulator has validated the most aggressive shock assumptions ever tested. In terms of GDP, a 12.9% decline in GDP will be simulated compared to a 7.8% decline in 2018. With regard to equities, the stress scenario assumes a decrease of 50%. Caution is required and this concerns all distributions. The review of the restrictions on dividends should take place following the results of the stress tests, expected in July.

The clean-up of the Legacy stock continues on an ongoing basis. The German bank DZ Bank announced on January 12 the call at par of 8 Legacy instruments. BBVA has been authorized to call its CMS in advance. We would like to take this opportunity to remind you that the risk of infection ([see our note on this subject](#)) raised at the end of last year by the EBA and confirmed since then by the English supervisory authority (the PRA) and by the transcription of BRRD 2 into French law, is prompting issuers to clean-up their Legacy instruments, including those with the lowest coupons.

Finally, the primary market for AT1 securities has remained open. Abanca (EUR 375 million at 6%), Standard Chartered (USD 1,250 million at 4.75%) and Banco BPM (EUR 400 million at 6.5%) came to the market.

## Fund Activity

We selected a so-called Tier 3 subordinated bond issued by Munich Re reinsurance group. The company is the American subsidiary HSB, which specialises in large industrial risks. The expected yield is above 3%.

We have taken a profit on the AT1 bond issued by the British mutual bank Nationwide after a good performance since the issue in June 2020.

## 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.

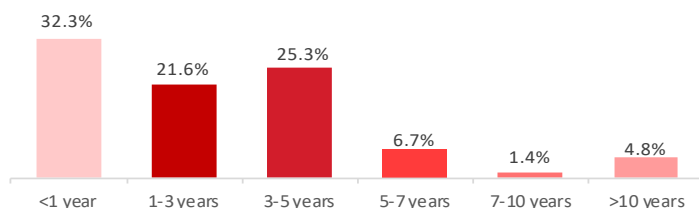
**Counterparty risk:** The Fund may suffer losses as a result of a counterparty failing to meet its contractual obligations.

**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 BREAKDOWN (in % of assets)

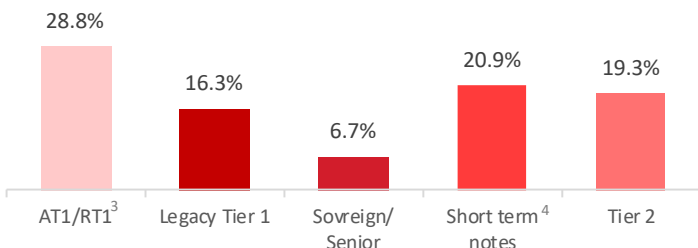
### BY MATURITY<sup>1,2</sup>



### TOP 5 ISSUERS

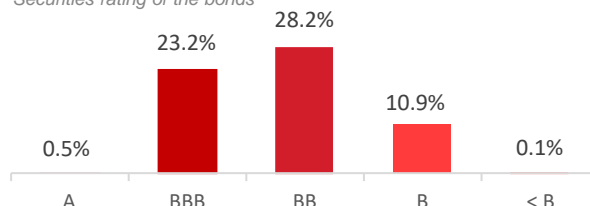
PERMANENT TSB	3.88%
COMMERZBANK	3.39%
LLOYDS	3.15%
QUATRIM SAS	3.05%
BIL	2.94%

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

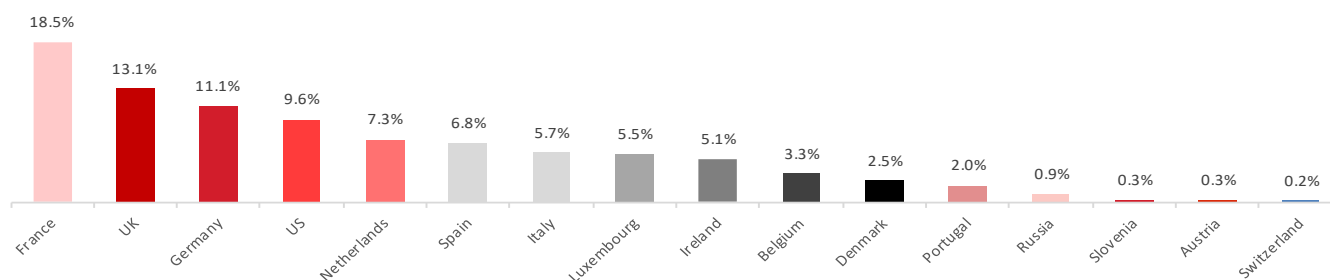


### BY RATING<sup>5</sup>

Securities rating of the bonds



### BY COUNTRY<sup>1</sup>



<sup>1</sup> On the bonds' portfolio CDS single name included <sup>2</sup> For the bonds the maturity is the anticipated reimbursement date (call date) <sup>3</sup> AT1 – Additional Tier 1 and RT1 – Restricted Tier 1 <sup>4</sup> Short-term debt securities, money market instruments and corporate bonds <sup>5</sup> Calculated excluding unrated securities.

## INFORMATION ON UNIT C

Current ISIN / ISIN after the merger into the SICAV Lux:	LU1876460731 (effective from the 01/28/19 onwards)
Currency <sup>5</sup> :	EUR – USD – CHF – GBP
Countries:	BE – CH – FR – IT – LU – SP – UK
Fund type and Profit allocation:	SICAV Lux / Accumulation
Fund inception date:	23/07/2009
Minimum initial subscription:	1 share
Subscription / repurchases conditions:	Every day until 11:00 - NAV per share unknown - Payment D+3
Management fees:	2.00%
Performance fees <sup>6</sup> :	Max. 20% of the fund's annual return in excess of its benchmark

<sup>5</sup> Currency exposure is Systematically hedged. <sup>6</sup> 40% ICE BofAML Euro Financial Index, 40% ICE BofAML Euro Corporate Index and 20% ICE BofAML Contingent Capital Index. All details of the expenses incurred by the fund are available in the Prospectus.

## RESEARCH AND MANAGEMENT TEAM



**David Benamou**  
Managing Partner  
Chief Investment Officer



**Jérôme Legras**  
Managing Partner  
Head Of Research Department



**Antonio Roman**  
Portfolio Manager



**Adrian Paturle**  
Partner



**Gildas Surry**  
Partner



**Paul Gagey**  
Portfolio Manager



**Gilles Frisch**  
Portfolio Manager



**Bedis Gharbi**  
Portfolio Manager

All data coming from outside are reworked by Axiom Alternative Investments. The information in this document is based on reliable and accurate sources analysis as of its release date. The figures quoted relate to past years and past performance is not a reliable indicator of future performance. The information is derived from accounting and proprietary data. They have not been certified by the Statutory Auditor Axiom Bond Fund and are therefore subject to change. Due to their simplification, this information is inevitably partial or incomplete and can not therefore have any contractual value. The DICI of this FCP is at your disposal on request from AXIOM AI. In case of subscription, the investor must consult the prospectus of the UCITS in order to become aware of the risks involved, in particular the risk of loss of capital and, where applicable, the liquidity risk of the underlying assets. This fund is invested in the bond markets. Its net asset value depends on the valuation of the securities held in the portfolio and may therefore be subject to significant upward and downward fluctuations. This UCITS is authorized by the French financial markets authority and FINMA for marketing in France and Switzerland. Additional information for Swiss-based investors: The detailed sales prospectus, key investor information documents, articles of association, annual and semi-annual reports are available free of charge from the Swiss Representative and Payment Service, RBC Investor Services Bank Ltd., Esch-sur-Alzette, Zurich Branch, Badenerstrasse 567, PO Box 101, 8066 Zurich.

