



## AXIOM Obligataire

- Hybrid securities: an undervalued asset class
- A bottom-up approach
- Strong expertise in subordinated debt
- Asymmetric risk/reward

### Accounting data

**Net asset:** 220 429 311,59 €

<b>Unit C (EUR):</b>	1 792,95	<b>Unit E (GBP):</b>	1811,53
<b>Unit D (EUR):</b>	1 572,29	<b>Unit Z (EUR):</b>	1866,20
<b>Unit R (EUR):</b>	1 682,40	<b>Unit I (EUR):</b>	1065,59
<b>Unit BC (USD):</b>	1 810,71	<b>Unit J (EUR):</b>	1060,43
<b>Unit M (CHF):</b>	1711,32		

<b>Modified duration:</b>	1,83
<b>Sensitivity to credit:</b>	4,21
<b>Average price of the portfolio:</b>	94,13
<b>Positions:</b>	139
<b>3 years sharpe ratio:</b>	0,19
<b>Yield to call*:</b>	7,29%
<b>Yield to perpetuity**:</b>	5,84%

**Risk and yield level:**

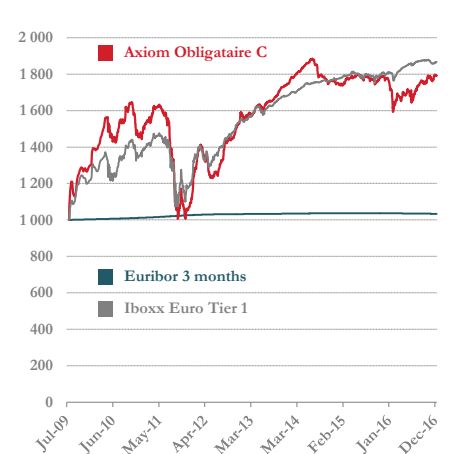
1	2	3	4	5	6	7
Low					High	

### Investment objective

The main strategy of the fund is to purchase Tier 1 and Tier 2 securities issued by European financial institutions.

These securities are bonds that constitute regulatory capital.

### Evolution



The Iboxx Euro Tier 1 index has become the fund's benchmark on 31 December 2014.

### Annualized daily volatility

<b>1 year</b>	<b>3 years</b>
7,00%	4,62%

### Monthly comment

In keeping with these last six months, December's performance was driven by positive momentum.

The anticipated failure of the Italian referendum which resulted in Matteo Renzi's resignation did not disrupt the markets any more than the Brexit result or the surprise election of Donald Trump. On the contrary, the market has reacted well to the double movement of the American (25 bps rate increase) and European (restriction of its purchasing policy) central banks. Investors consider these decisions as signs of a favorable economic environment and most importantly as a strong support to the banking sector.

There has been a wealth of financial news in Italy. Unicredit has announced a massive recapitalization plan and the Italian state look to explore new territory with the precautionary recapitalization of Monte di Paschi. Both have reduced the systemic risk weighing on the country. At the end of the month, Deutsche Bank announced that it had reached an agreement with the US Department of Justice on the subprime securitizations affair. The German bank will now have to pay 7.2 billion dollars (as opposed to 14 initially claimed) of which only 3.1 billion correspond to a civil fine (the remaining 4.1 are tax deductible).

On the regulatory front, Crédit Agricole and Société Générale opened up the "senior non-preferred" debt market eligible for the TLAC and MREL ratios. These issuances of €1.5 billion and €1 billion, respectively, were strongly subscribed and offer a premium of almost 50 bps compared to senior debt. As a reminder, these new debts, inserted between T2 and senior debts, will serve as an absorption buffer in case of any losses, thereby further protecting senior creditors.

Finally, the announcement by several banks of their CET1 requirement (SREP) for 2017 has clearly confirmed the trend towards a reduction of 100 to 200 bps of regulatory requirements.

Logically, AT1 contributed significantly to our performance in December (+ 1.17%).

We ended the year positively (+ 1.48% in December) but above all we now benefit from a favorable environment marked by interest rate movements and regulatory flexibility conducive to the banking sector.

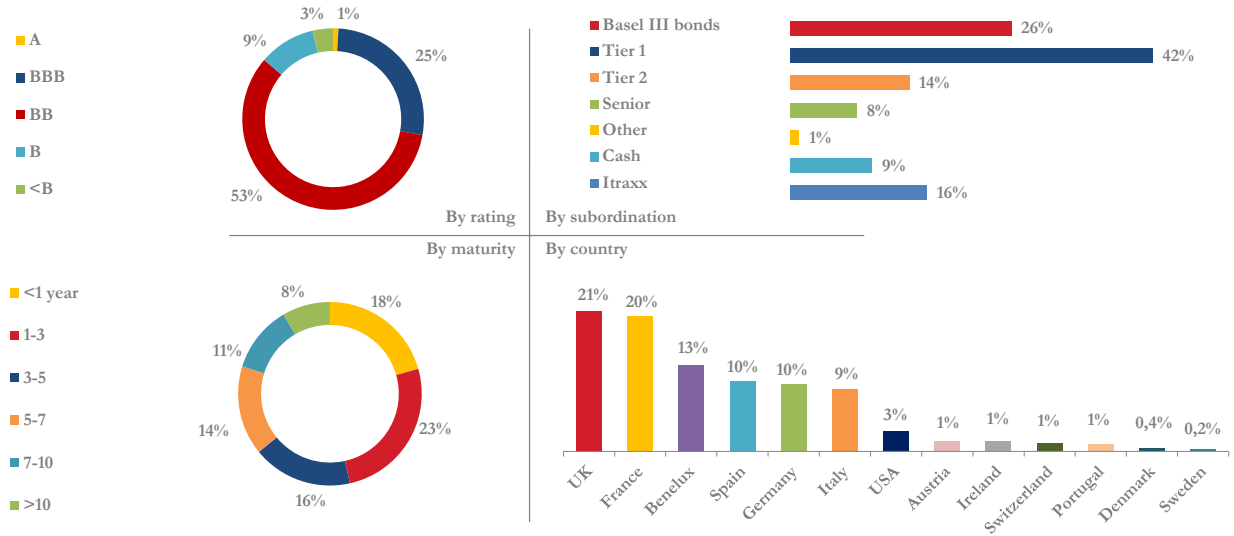
### Performance - Unit C

<b>1 month</b>	<b>3 months</b>	<b>6 months</b>	<b>YTD</b>	<b>1 year</b>	<b>3 years</b>	<b>Annualized since inception</b>
1,48%	2,61%	6,94%	0,85%	0,85%	2,62%	8,10%

### Monthly performance - Unit C

	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Annual perf.
<b>2009</b>	-	-	-	-	-	-	-	13,27%	9,72%	3,25%	-1,29%	2,70%	<b>30,08%</b>
<b>2010</b>	7,07%	1,09%	6,65%	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%	0,10%	-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>

## Portfolio breakdown



## Fund information

	Unit C	Unit D	Unit R	Unit BC	Unit M	Unit E	Unit I	Unit J	Unit Z
ISIN Code	FR0010755199	FR0010775320	FR0010946558	FR0010903591	FR0011160571	FR0011540145	FR0013090628	FR0013164514	FR0012004398
Results allocation	Capitalization	Distribution	Capitalization	Capitalization	Capitalization	Capitalization	Capitalization	Capitalization	Capitalization
Currency	EUR	EUR	EUR	USD	CHF	GBP	EUR	EUR	EUR
Legal form	Mutual fund under French Law								
AMF classification	Bonds and other international debt securities								
Inception date	July 23, 2009	July 23, 2009	October 5, 2010	February 10, 2011	June 13, 2012	January 17, 2014	March 23, 2016	May 10, 2016	December 30, 2014
Benchmark	Iboxx Euro Tier 1 since 12/31/2014								
Management fees	2%	2%	2,5%	2%	2%	2%	1,2%	1,2%	0,05%
Performance fees	20% above the benchmark								
Subscription fees	2% maximum								
Redemption fees	2% maximum								
Minimum subscription	1 unit	1 unit	1 unit	1 unit	1 unit	1 unit	€5M	€15M	1 unit
Valuation	Daily								
Settlement date	D+3								
Registration countries	France, Spain, Switzerland, Italy, UK, Belgium								

## Contacts

### Axiom Alternative Investments

39 Avenue Pierre 1er de Serbie 75008 Paris  
Tél : +33 1 44 69 43 90  
contact@axiom-ai.com

### Partners - Business Development

**Laurent Surjon**  
laurent.surjon@axiom-ai.com  
Tél : +33 1 56 88 14 21

**Philippe Cazenave**  
philippe.cazenave@axiom-ai.com  
Tél : +33 1 56 88 14 22

### Institutional clients

**Christina Perri**  
christina.perri@axiom-ai.com  
Tél : +33 1 84 17 88 79

**Pauline Vadot**  
pauline.vadot@axiom-ai.com  
Tél : +44 203 807 0862

### France - IFA Distribution

**Bertrand Wojciechowski**  
bw@axiom-ai.com  
Tél : +33 6 79 11 31 33

The information contained in this document, completed drafted December 30, 2016, is based on sources believed to be reliable and accurate at the date of publication.

The figures refer to past performance, which may not be reliable indicator of future performances. The information is obtained from the accounting data for the fund and from dataversers (Bloomberg) for the benchmark.

They have not been certified by the Auditor of the Mutual Funds Axiom Obligataire and are subject to changes. Because of their simplicity, this information is inevitably partial and incomplete and can not therefore have any contractual value.

\*The yield to call is the yield of the portfolio at the anticipated reimbursement date of the bonds.

\*\*The yield to perpetuity is the yield of the portfolio with the hypothesis that securities are not reimbursed and kept to perpetuity.

The Key Investor Information of the mutual fund is available upon request from Axiom Alternative Investments. The FCP is invested on the bond markets. Its value depends on the asset value of securities held within the portfolio and may therefore be subject to large fluctuations upwards or downwards. This fund is approved by the AMF and the FINMA to be marketed in France and Switzerland.

Additional information for investors in and from Switzerland: The detailed prospectus, the documents entitled "Key investor information", the statutes, the annual and semi-annual reports are available free of charge from the representative and paying agent for Switzerland, RBC Investor Services Bank SA, Esch-sur-Alzette, Zurich Branch, Badenerstrasse 567, PO Box 101, 8066 Zurich.