AXIOM LUX

Variable Capital Investment Company Luxembourg

Audited annual report as at 31/12/22

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Subscriptions can only be received on the basis of the latest prospectus accompanied by the relevant key investor information

Organisation and administration

Registered Office	AXIOM LUX Société d'Investissement à Capital Variable 5, allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
Management Company	Axiom Alternative Investments "*Société de Gestion de Portefeuille*" 39, avenue Pierre 1er de Serbie F-75008 Paris France
Depositary, Administrative and Domiciliation Agent	CACEIS Bank, Luxembourg Branch 5, allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
Global Distributor	Axiom Alternative Investments "*Société de Gestion de Portefeuille*" 39, avenue Pierre 1er de Serbie F-75008 Paris France
Auditor	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator B.P. 1443 L-1014 Luxembourg Grand Duchy of Luxembourg
Legal Advisor	Elvinger Hoss Prussen S.A. 2, Place Winston Churchill L-1340 Luxembourg Grand Duchy of Luxembourg
Board of Directors	Mr. Guillaume Carriou, General Secretary, Axiom Alternative Investments Mr. Laurent Surjon, Managing Partner, Axiom Alternative Investments Mr. David Ben Amou, Managing Partner, Axiom Alternative Investments Mr. Christophe Arnould, Independent Director
Board of Managers of the Management Company	Mr. David Ben Amou, Gérant, Axiom Alternative Investments Mr. Jérôme Legras, Gérant, Axiom Alternative Investments Mr. Adrian Paturle, Gérant, Axiom Alternative Investments Mr. Gregory Raab, Gérant, Axiom Alternative Investments Mr. Philippe Cazenave, Gérant, Axiom Alternative Investments Mr. Laurent Surjon, Gérant, Axiom Alternative Investments Mr. Guillaume Carriou, Gérant, Axiom Alternative Investments Mr. Gildas Surry, Gérant, Axiom Alternative Investments

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AXIOM LUX - AXIOM SUSTAINABLE FINANCIAL BONDS

January 2022

The theme of inflation and rising interest rates has dominated the early part of the year, which has seen a sharp decline in equity markets. January's inflation figures surprised many on the upside. In the Eurozone, with interest rates at -50bp clearly incompatible with an inflation rate of 5% and an unemployment rate at its lowest for two decades in the Eurozone, the ECB is likely to have to revise its expectations upwards. In the US, Jerome Powell was firm in his speech, refusing to rule out rate hikes over several consecutive meetings.

German 5-year rates gained 25 basis points while the French 10-year government bond widened by 20 basis points to +0.42%.

The European credit market logically declined with spreads widening by 18 bps on the sub-fin to 126 bps.

In this climate, which is not very favourable for bond funds, Axiom Sustainable Financial Bonds suffered even though its interest rate (+26bps contribution) and credit (+12bps contribution) hedges cushioned the shock.

Before the correction, the primary market was active with AT1 issues by Crédit Agricole 4 3/4, BNP 4 5/8 and UBS 4 7/8, before closing in mid-January due to a lack of investor appetite. The fund did not participate because the backends (spread after the call) were too tight. We also note that these low backend issues are much more volatile in correction phases. For example, the Crédit Agricole 4 ¾ ended the month 2 points below its issue price.

At the end of the month, the fund was active to seize some opportunities, notably on RBI, which is suffering from the Russian-Ukrainian crisis.

February 2022

February began in the same vein as the beginning of the year. The theme of inflation and rising commodity prices heralded a probable interest rate hike cycle. Christine Lagarde spoke about the end of ECB asset purchases and the Bank of England announced its intention to sell off all its corporate bonds by the end of 2023. This fear of rising interest rates caused the bond markets as a whole to retreat, benefiting interest rate hedges (+20 bps contribution).

Putin's Russia turned everything upside down with a major military invasion of Ukraine. The financial markets were hit hard, with the financial sector in the front line, especially the banks most exposed to Russia and Ukraine (RBI, OTP, Unicredit, Société Générale, which have local subsidiaries, but also, to a lesser extent, banks such as Intesa, Crédit Agricole, ING and Commerzbank), whose stocks and bonds corrected sharply. This conflict will undoubtedly have an impact on the profitability of the exposed banks, but we believe that it does not represent a major solvency risk. For RBI, which is the most exposed bank to Russian risk, a scenario of zeroing out all of its exposure to Russia and Ukraine would result in an estimated 140bp drop in CET1, leaving the issuer above the MDA threshold, and therefore able to pay dividends and AT1 coupons. The fund has a position on the AT1 6% in EUR (-34bps contribution). The call is in 2026 with a spread of +6.45%. We are holding this position for the time being, which offers a call yield of 12%.

March 2022

March was a month of two acts. The first, marked by the jolts of the Russian offensive, was characterized by an overall widening of risk premiums, punctuated after a week by a veritable capitulation of the market (gold took 10% over the month, the 10-year Bund returned to negative territory).

The second act began when the numerous strategic and logistical obstacles encountered by the Russian army led its leaders to seek a solution on the diplomatic front.

The relative lull in the geopolitical situation immediately brought the inflation shock back to the fore. Its level reached 7.5% on average in Europe and especially 7.9% in the United States with an extremely tight labor market, according to Jerome Powell. Central banks have confirmed their determination to react by reducing asset purchases and their balance sheets and, above all, by raising key rates. As a result, government bonds suffered their worst quarter since the 1980s. The US 10-year went from 1.83% to 2.34%, and the German 10-year from 0.14% to 0.55%. The fund was protected via its interest rate hedges (+45 bps positive contribution).

After peaking at 197, the subfin ended at 140bps following the reassuring communication from the banks on their Russian risk. The fund took advantage of this high point to sell off its entire long position on the Itraxx Senior. The exposure to Russia has pushed some bonds too low. The fund therefore took advantage of its cash pocket to reinvest. Examples include the BBVA AT1 at 5.9% yield (call in 2 years or a spread of 6.04%) and the AXA Legacy T1 at 6.5%.

The recovery of the primary market that followed also allowed us to subscribe to issues with high premiums such as Intesa with a coupon of 6.375%.

April 2022

April 2022 reminded us that one crisis can hide another. The shock of the war in Ukraine is fading, the COVID is resurfacing in China. All this is fostering major disruptions in the flow of raw materials and manufactured goods, fuelling inflationary pressures.

Central banks are still aggressively trying to contain this pressure on prices, with interest rates resuming their upward trend. Over the month, the German 10-year yield went from 0.65% to 0.91% and from 2.35% to 2.90% for its American equivalent. These brutal movements in rates are combined with the end of quantitative easing and the transition to quantitative tightening. Central bankers want to turn off the liquidity tap and no longer be buyer of last resort. Investors expect the ECB deposit rate to be in positive territory by the end of the year.

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The Sub-Fin went from 153 to 195 and the vast majority of equity indices ended the month in negative territory. This decline is mainly due to market fears after the publication of economic growth figures for the first quarter of 0% for France and -1.4% year-on-year for the United States for example. In addition, the IMF lowered its global growth forecast for 2022 by -0.8% to +3.6%. But there are still reasons for hope!

May 2022

Inflation was a major theme in the markets during the month of May, as investors vacillated between record price increases and diminished but resilient growth. This hesitation had a downward impact on the markets in the first half of the month before partially recovering in the second half. This volatility is likely to persist as long as the magnitude, speed and duration of the ongoing monetary tightening remain uncertain.

Against this uncertain backdrop, risk appetite strengthened slightly at the end of the month with the SubFin index tightening by 5 basis points to 185. In the equity market, the energy and banking sectors outperformed, while the retail and media sectors underperformed.

The outlook for banks' earnings is encouraging:

- Consensus EPS expectations for 2023 and 2024 are now back at their highest year-to-date, erasing the Ukraine-Russia war losses.
- Net income interest expectations should continue to climb as analysts update their models with the latest rate market levels - at this time, analysts are still lagging the Eurozone rates market by c. 50-75bps.
- Analysts' assumptions for future loan losses are on the conservative side. They are forecasted to be above the 2017-2019 average despite the Covid-19 precautionary provisions and default trends signalling the opposite so far.
- Nominal cost trends are likely to be slightly worse than expected, though C/I ratios should be better than expected.

Moreover, the resolve of the ECB in its fight against inflation is questionable, privileging economic growth. The shift in rate hikes expectations, though spectacular, has lagged increases in forward inflation markets - and is very far off from changes in realised core inflation. As such, we believe talks of a recession induced by higher rates in the Eurozone to be premature.

This renewed optimism reopened the primary market with two AT1 issues (Skandinaviska Enskilda Banken and Julius Bär) and a T2 from Athora. These issues were largely oversubscribed, indicating significant liquidity in the market.

On the regulatory front, the Basel Committee is allegedly considering treating the Eurozone as one bloc for the calculation of the GSIB buffers. Though practical implications are limited for now, it is a new step towards more fungibility of capital and liquidity within the area.

June 2022

The month of June will be remembered by the financial markets as one of the worst months in recent years, aside from the unprecedented situation of March 2020. It concludes the first half of 2022 which was marked by a series of shocks and mainly by inflation amplified due to the consequences of the war in Ukraine. Central banks, after betting on a transitory phenomenon at the end of last year, have gone on the offensive to counter a sustainable rise in prices that is setting new records every month.

For the time being, this deteriorated situation has not affected the dynamism of financial bond issues thanks to high issue premiums and issuers with strong fundamentals. All segments are concerned. Credit Suisse issued an AT1 with a 9.5% coupon in dollars, Aviva issued an RT1, Generali, Credito Emiliano and Vienna Insurance issued Tier2s, and finally, TSB Bank, the British subsidiary of Sabadell, issued a senior bond at 5.25%. The secondary market is not left behind with a multitude of recall announcements by Credit Suisse, Barclays or HSBC for example.

This month, the Basel committee published its principles for the effective management and supervision of climate-related financial risks, the set of 18 principles seeks to achieve a balance in practices and providing a common baseline. The committee expects implementation of these principles as soon as possible and will monitor progress across its member jurisdictions. These principles will accelerate integration of climate-related risks across the globe. One principle in particular cough our attention as it may prevent greenwashing. Principle #1 calls for strategies and risk appetite statements consistent with any publicly communicated climate-related strategies and commitments.

Europe is a couple of years ahead of these principles with the ECB’s roadmap and the expectations it has set for banks. However, in terms of implementation there is still significant work to be done. In a recent update, the ECB shared that many banks are still lagging behind in at least one area (e.g. risk appetite, risk management framework) and many banks already comply with at least one of the areas as the ECB wishes to see developed. The ECB expects all banks to be fully compliant by the end of 2024 at the latest.

July 2022

Optimism returned during July, with a rally in all assets at the end of the month (the Subfin ended the month at c.204 compared to c.247 last month after a high of c.266 during the month). Perhaps the market had gone too far in its expectations of a recession. The growth in economic activity and the results published for the first half of 2022 surprised the markets. In Europe in particular, banks reported results well above expectations, with solid fundamentals and reassuring NPL and CET1 ratios. Christine Lagarde spoke at the ECB conference on 21 July to announce the first rate hike since 2011. She surprised the market by directly raising them by 50 basis points against the 25 announced, thus putting an end to the famous "Forward Guidance" to which the market was accustomed. The consensus reacted well to this move, which was certainly aggressive but also more realistic given the level of uncertainty linked to inflation and the geopolitical context.

The ECB took the opportunity to present its new anti-fragmentation tool for the Eurozone, the Transmission Protection Instrument (TPI) which, officially, should improve the transmission of monetary policy throughout the zone. In practice, this instrument will allow the central bank to buy, without limit, securities issued by a State confronted with a deterioration of its financing conditions which would not be justified by the "fundamentals" of the country. It is above all a question of affirming the cohesion of the Eurozone and its uniqueness on a political and economic level. At the end of the month, the FED announced in turn, for the second time in a row, a 75 basis point increase in its main policy rate to a range of 2.25% to 2.50%. The US markets reacted upwards after being comforted by a less restrictive message from the FED Chairman on future moves. He announced that

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future decisions will be made on a meeting-by-meeting basis, suggesting that consideration of economic indicators will be paramount. This strong message from the central bankers reassured them that inflation was under control, allowing long-term rates to continue the easing that began in June.

The context of rate cuts and risk aversion was favorable to bond assets and the fund performed +0.72%. It was driven by the T2 pocket +0.35% and the AT1 legacy pocket +0.24%. With the rise in prices, there were fewer movements this month, although we should mention the purchase of a senior bond issued by the OTP bank with a 3-year maturity and a yield of 5.5%.

The ECB published the results of the banks climate stress test. The ECB found that the share of interest income related to the 22 most GHG-emitting industries amounts to more than 60% of total non-financial corporate interest income on average for the banks. The stress test estimated credit and market risk losses for the 41 banks providing projections amounted to around €70 billion. However, this figure underestimates actual losses for several reason: i. these scenarios did not consider the economic downturn accompanying the negative climate effects and no supervisory overlays were applied; ii. the banks' exposures only account for around one-third of their total exposure; ii. the climate data and modelling underlying the banks' projections still were at a preliminary stage. The ECB plans to follow up on the findings with bank-specific recommendations and guidance on best practices in climate stress testing. The focus will be on helping banks to build their internal climate risk stress-testing frameworks and overcome the current challenges. Around 60% of banks do not yet have a well-integrated climate risk stress-testing framework. This work will potentially help banks improving other areas including i. risk management practices, where the ECB identified lack of customer engagement as a mean to gain insights into their clients' transition plans; and ii. long-term strategic planning, for the definition of transition plans and targets.

August 2022

After a relatively calm and well oriented first half of August, volatility reappeared. The credit markets ended lower, with the Senior Financial ending at 129 after starting at 110 at the end of July. The fund took advantage of a low point at 100 during the month to reduce its exposure to this index (from 40% to 30%).

The end of the month was marked by more aggressive discourse from central banks, notably at the annual Jackson Hole conference, announcing a focus on inflation to the detriment of economic growth. This announcement reflects a desire to maintain high rates for a longer period than the markets had anticipated, in order to slow down the economic machine. The impact on sovereign yield curves was significant, with the French 10-year jumping from 1.38% to 2.15% during the month. The fund's hedging against duration risk (60 bps contribution) helped to cushion the decline (-1.30% for the month).

Although August was quite calm on the ESG side, a bank took concrete action for the first time to reflect in their financials the potential exposure to mid-term transition risks.

Rabobank downgraded the creditworthiness of its dairy farm loan portfolio (€10.3 bn) as a result from the lack of clarity and uncertainty regarding the Dutch government's decarbonization strategy of the sector. Earlier this year the Dutch government announced its ambition to reduce emissions of pollutants, predominantly nitrogen oxide and ammonia by 50% nationwide by 2030. Rabobank is the Dutch bank with the highest exposure to that sector.

The bank is present in our fund due to its good climate performance.

September 2022

Fall is coming in the markets in September. All asset classes were thrown into turmoil against the backdrop of an increased risk of recession and persistent inflation despite the actions of central banks. Spreads have therefore widened again, the SeniorFin going from 129 to 155 by the end of the month.

This was an opportunity for the fund to increase its exposure to this index.

The fund has also increased its position in Danske Bank. It has the triple advantage of being one of the strongest banks in Europe, an attractive valuation of 11% at call (10% at maturity in USD) and a temperature of 2.54°C below our target of 2.7°C.

This month several banks expressed their need to exit the net zero alliances after the Race to Zero, the umbrella initiative of all the Net Zero alliances, tightened the ambition of its decarbonization criteria. Main concerns related to the requirement to phase down and out all unabated fossil fuels in investment and lending portfolios and the related legal obligations of banks.

None of the investees in our fund have expressed disagreement with such requirements. Such disagreement would flag an inconsistency between the issuers' commitments and the actions to achieve them science shows that such phase out is needed to achieve Net Zero.

We do not expect any of our issuers to exit the Net Zero Banking Alliance but we will monitor closely the issue as this could have an impact on their scoring.

October 2022

The month ended with markets trending upwards thanks to a marked easing in the price of gas, which fell back below the pre-war level in Ukraine. The resignation of Liz Truss in Great Britain also managed to dispel fears about the country's economic policy. The British 10-year Gilt ended at 3.52% compared to 4.09% at the beginning of the month with a peak of 4.55%. Spreads tightened, with the Main falling from 135 to 114, the SeniorFin from 148 to 123, the Subfin from 272 to 220 and the Xover from 641 to 555.

The earnings season was also a good catalyst with banks in good shape last quarter. Santander, Standard Chartered or Barclays posted high profit levels. Deutsche Bank stood out with its best quarter since 2006. On the other hand, Credit Suisse has been heckled because of its recurrent governance problems even if its existence is not at stake as some rumors suggest.

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The ECB continued its monetary tightening by raising rates by 75 basis points in the wake of what the FED did at the end of September. The market had already largely anticipated this decision.

The main question now is whether central bankers will maintain the high rate of rate hikes despite persistent inflationary pressures (10.7% year-on-year in Europe) in order to avoid destroying growth levers. Indeed, the impact of monetary policy decisions takes about six months to materialize in the real economy. Controlling this inertia will therefore be a determining factor in the path the global economy takes.

This month saw several reputational risks cases related to climate change concerning banks.

In France, BNP Paribas was threatened with climate litigation over fossil fuel financing, the bank has been asked, amongst others, to immediately stop financing new oil and gas fields and infrastructures, and to develop a more robust vigilance plan on their net zero strategy to comply with the French duty of vigilance law. The Bank has three months to respond. Fines to due breaches in this law can go up to 30 million EUR. We will monitor the bank’s response as our fund has investments on it.

In the UK, two adverts publicising HSBC’s role in the transition to a net zero economy were banned by the Advertising Standards Authority (ASA) as they were considered misleading as they failed to omit significant information regarding HSBC’s financing overall, which include as well financing of carbon-intensive companies. Although our fund does not has investments in HSBC, this first case can open the space for more to come as already stated by the ASA.

Finally, last month we mentioned the possibility of a separation between Race to Zero and the Glasgow Financial Alliance for Net Zero as at least three US banks, namely Bank of America, JPMorgan and Morgan Stanley, raised antitrust concerns due to Race to Zero requirements of phasing down and out of coal, and thus, their intention to leave the Net Zero Banking Alliance. Despite several negotiations, that even led to softening Race to Zero’s requirements, the separation between both initiatives has been confirmed. Several NGOs and academics called the move as concerning as it opens the door for greenwashing.

November 2022

In line with the previous month, November confirmed the market rebound thanks to signals of slowing inflationary pressures and a decline in commodity prices. Spreads continued to narrow: the SeniorFin fell from 123 bps to 102 bps. The fund took some of its profits on this index by buying back 50% of its exposure (from 80% to 45%).

Bonds also benefited from the flattening of the yield curve, with the 5-year swap 30bps lower than at the end of October (a sign that a recession scenario is emerging).

This month we saw for the first-time capital requirements’ increases for banks due to their poor performance in integrating the ECB’s expectations on the integration of climate and environmental risks (C&E risks). The decision came as the output of a thematic review done this year, to understand bank's progress in the integration of these expectations. More than 30 banks received a qualitative requirement as part of the 2022 SREP (Supervisory Review and Evaluation Process) which require them to submit a new implementation plan to address the severe weaknesses, and a small number of banks saw their SREP scores impacted. These in turn, have an impact on their Pillar 2 capital requirements.

By 2024, banks are expected to meet all remaining supervisory expectations on C&E risks, including full integration in the Internal Capital Adequacy Assessment Process (ICAAP) and stress testing. As part of our ACRS scoring, we are able to monitor which banks have already integrated C&E risks in internal ICAAP and stress testing, as well as other expectations, and anticipate failure to comply to the ECB's expectations.

December 2022

December concluded a year of contradictory events in 2022. Euphoria gave way to the anxiety of a war at the gates of Europe, triggering persistent inflation which had initially been considered transitory. The central banks were slow to take the measure of the danger but decided to act so as not to undermine their credibility in this battle, after a decade of low rates.

The consequence of this monetary tightening has manifested itself radically with the French 10 year old rising from 0.20% to 3.11% over the year while its German counterpart has risen from -0.18% to 2.57%. These movements are of a magnitude we have seen before, but with a starting level close to zero, the small amount of carry was unable to cushion this sudden rise. In addition, spreads have widened considerably: the Senior Fin index has risen from 55 to 99bps over one year, with a maximum at 153 on 29 September.

In this volatile environment, the fund was able to take advantage of its flexibility on interest rate and credit protection and its positioning on "large" spreads after calls to outperform its index by 5.69% in 2022.

December was also a month in which banking regulation on climate-related topics continued to evolve and saw the US Federal Reserve publishing its consultation on the guiding principles for climate-risks management by US banks. US and non-US banks with operation of more than $100 billion are expected to follow these principles once published. These principles are largely in line with the expectations of European Banks regulators and the principles of the Basel Committee on banking supervision.

In addition, biodiversity took the spotlight due to the long awaited biodiversity COP, COP 15, in Montreal. The deal reached in Montreal includes the mobilization of at least $200 billion per year and the target for governments to encourage the monitoring, assessment, and disclosure of companies’ dependencies and impacts on biodiversity. Private financial institutions are directly called to contribute to both goals.

Without a doubt 2023 should be as hectic as 2022 on both financial and extra-financial issues, however, yields offers now a real protection against unexpected bad news.

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AXIOM LUX - AXIOM EUROPEAN BANKS EQUITY

January 2022

European banks started the year on a strong footing, with rates repricing higher, economic data coming in better than expected and earnings beating consensus. The Stoxx Europe 600 Banks index returned 7.37% in January vs. -3.81% for the SXXR. The yield on 5y German bunds climbed from -45bps to -20bps while the SubFin index moved up 20bps to 125bps. US 10y Treasuries sold- off with yields reaching 1.80%.
Inflation is becoming increasingly uncomfortable for governments and central banks globally. Commodity markets have not softened, lead times and backlogs are still increasing, and service inflation is gradually catching up with goods. On 26 January, Jerome Powell prepared the market for a more hawkish turn. Undeterred by the recent volatility in global markets, he refused to rule out the possibility of raising rates by 50bps at once or hiking at consecutive meetings. In Europe, January inflation readings came much higher than expected, more than offsetting base effects. As interest rates of -50bps in the Euro area are evidently not consistent with 5% inflation and unemployment at record lows, we would expect the ECB to revise its inflation projections upwards and admit that its forward guidance is met at its March meeting.

In Italy, the re-election of President Mattarella was taken positively by risk assets. Mario Draghi will be able to continue his work on the allocation of pandemic funds and structural reforms. Though non-establishment parties are leading in the polls, political volatility should be pushed back to 2023. In the meantime, the flexibility of PEPP reinvestments should provide a put for periphery spreads. In international news, the fluid situation at the Ukrainian borders and raising concerns about Taiwan have been sources of spikes of volatility.

On the M&A front, SocGen announced the acquisition of LeasePlan for €5bn. The deal will create a dominant player in the auto leasing business in Europe. Though the price tag is slightly higher than expected, the capital impact is relatively limited for SocGen and cost synergies could surprise positively.

The start of the earnings season has been encouraging. Deutsche Bank reported results 10% ahead of consensus and announced a buyback, which was not widely expected and was interpreted as a sign of the ECB's satisfaction with Deutsche's turn-around plan execution. UBS beat expectations by 13% and unveiled a strategy plan focused on capital return commitments and operating jaws. Sabadell and Bankinter also surprised positively.

February 2022

European bank equities reacted abruptly to the onset of the war against Ukraine. As of 4 March 2022, the Euro Stoxx Banks index suffered a 30% drawdown from its February peak. The loss was especially acute for banks deemed to be more sensitive to Russia: RBI lost 55% of its market value, while Société Générale, Erste Bank and UniCredit posted losses close to 40%. This is quite a significant move: in a typical recession (the Tech bubble, the 2011-12 Eurozone crisis or the Covid-19 crisis for instance), bank equities drawdowns tended to be around 40 to 45%.

Several elements are likely to have contributed to the price action:

i. Direct losses from Russian exposures;
ii. Possible losses stemming from legal uncertainty, settlement risk and unusual price action on Russian markets;
iii. The macroeconomic impact of the war in Ukraine and sanctions against Russia, from growth to inflation and rates; and
iv. Higher risk premia linked to a possible extension of the conflict outside of Russia and Ukraine.

We believe that the fourth factor explains most of the movement while the first and second factors are less significant.

i. Some early press reports have pointed to frightening possible Russian losses for European banks (as high as EUR100 billion). They ignored the fact that the exposure was largely sitting within local subsidiaries that are bankruptcy remote in the context of banking groups. The maximum total loss for the group would be the equity invested along with potential intra-group debt (which is typically very small). As an example, though Société Générale has an EUR18 billion exposure to Russia, the bulk of it (EUR15 billion) is located in its Russian subsidiary Rosbank. If Rosbank becomes insolvent or is seized by Russian authorities, Société Générale group would only lose 50bps of CET1 capital. They would still be well above regulatory requirements and their ability to distribute dividends would remain intact. For the sector in general, we would price a total CET1 impact of less than 30bps points and a loss of future profits of not much more than 1%.

ii) The speed and extent of the sanctions imposed on the Russian financial system is unprecedented. Some banks have been cut out from Swift, correspondent relationships have been banned, some assets have been frozen, transactions with the Central Bank are only authorised if related to energy payments, etc. This has created unprecedented price action on Russian markets and significant operational and legal risks for banks. It is impossible to predict the size of the losses that will arise from trapped collateral, settlement or gap risk. As of now, we can only assume that banks will have been limiting leverage on Russian assets and using leading international custodians. The Swift ban will only be operational from 26 March 2022, leaving banks time to adapt. Our base case is that we won't see any major impact from this side.

iii) The main macroeconomic impact of the war in Ukraine will materialise through commodities and supply chains. There are legitimate fears that higher commodity prices will slow growth. In 2020 and 2021, the EU had annual energy trade deficits of respectively EUR160 billion and EUR275 billion. In 2010-2014, when energy prices were around current levels (brent at USD120), the deficit was EUR400 billion. A return to these levels would represent a GDP drag of 0.8%. It is worth noting that the majority of gas imports are based on long-term contracts, and that the current gas curve is very backwardated (2025 gas futures are up less than 20% since the start of the year). Exports to Russia will also be affected: in 2021, the EU exported circa EUR80 billion of goods and circa EUR20 billion of services to Russia. If those were halved, it would represent an additional 0.3% drag on GDP. Food prices are also going up, but the EU is a net exporter. In total, the annualised GDP impact for the EU is likely to be around 1% with a uncertainty range of 0.7%-1.5%.

However, there are several mitigants: the conflict is likely to drag for months, but not years; consensus real GDP growth for the EU in 2022 was above 4% for 2022 before the start of the war - growth is still highly likely to be above 2% despite very high energy prices; higher energy prices will be partly subsidised by governments, reducing the impact on purchasing powers for consumers; Germany has fully abandoned its hawkish fiscal stance, reinforcing the fiscal impulse and increasing flexibility for periphery governments; and the EU is more united, paving the way for a closer banking union and more fiscal integration.

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March 2022

Risk assets took respite in a fall of implied volatility towards the end of the month as the Ukrainian conflict appeared to stay geographically contained. Russian gas and oil exports were more resilient than expected, which limited the increase in energy prices. High inflation readings fuelled fears that hawkish central banks may trigger a recession in their attempt to slow demand at a time when real incomes are already suffering from elevated imported prices. The SubFin Index ended the month broadly flat at 153 bps. The VIX settled 10 points lower at 20. The European bank indices SX7T and SX7R returned respectively -3.01% and -2.11% vs. +1.00% for the STOXX Europe 600.

The latest EBA risk dashboard highlighted the soundness of the European banking sector. Non-performing loans reached a new low of 2.0% while CET1 remained elevated at an average of 15.4%. ROE stabilised at levels higher than in the pre-pandemic period. Regulators have been reassuring about the first-round impact of the Ukrainian conflict, noting that a default of all Russian exposures would not be a capital event for the sector and confirming that dividends and buybacks could be continued. However, they also stressed that second round effects, such as reduced growth, increased compliance costs and higher risk premia could negatively impact profitability.

Inferring from past recessions, we estimate that a 1 point reduction in the real GDP growth outlook could lower earnings expectations for the banking sector by about as much as 8%, with 5% coming from higher provisions for loan losses, and the rest divided between lower fees and lower loan growth. However, this would be more than compensated by higher interest rates, with the sectors' results sensitivity to a 100 bps parallel move being around 25%. In addition, new guaranteed loan programs and increased fiscal spending overall are likely to reduce provisioning needs and provide a boost to loan growth. As such, we find the 13% underperformance of the Euro Stoxx Banks index versus the broader European market since mid-February difficult to reconcile with Bund yields climbing from 30 bps to 55 bps over the period. The consensus of 2022 earnings expectations of sell-side analysts have been revised down by only 3% since mid-February, with ROE expectations for the SX7E still above 8%, while the sector is trading at only 55% of book value.

We understand the concerns regarding inflation and the future path of real growth. There are downside risks ahead: high energy prices will hurt real income; rich real estate valuations could be tested by rising mortgage rates, resulting in lower perceived wealth and balance sheet quality; central banks may have to tighten aggressively into a recession if inflation does not settle down. However, we believe the balance of risks is to the upside: consumers have barely started to tap into their excess savings; high government spending is still irrigating the European economy and protecting vulnerable businesses; though manufacturing is operating above potential, less energy-intensive services are still operating below potential, offering significant real growth prospects as economies reopen; the labour market is still reasonably elastic, with more people continuing to join the workforce without unsustainable increases in wages; and inflation expectations are not unanchored.

April 2022

April was another down month for risk assets. Stocks were led lower by the technology sector and cyclicals. The SXXP returned -0.57% while the SX7P and SX7E respectively ended the month at -2.08% and -3.40%. The Subfin widened to 195 bps. Amid higher long-term inflation expectations, Germany and US 10Y yields respectively climbed above 0.9% and 2.9%.

In defiance of the prevailing pessimistic mood, European banks had an excellent start to the reporting season. On aggregate, revenues were 7% higher than expected - the strongest positive surprise in years - while earnings were 25% better. On a Y/Y basis, revenues grew by more than 8%. Net interest income was supported by dynamic lending book growth and stable or increasing margins. Costs were in line overall, which came as a relief in the current environment. There was no evidence of deterioration in asset quality: non-performing loans continued to decrease, and defaults remained significantly below average. Banks nonetheless took precautionary provisions in light of geopolitical and monetary policy risks. Capital ratios took a transitory hit from mark-to-market losses in bonds not accounted at cost.

As analysts revise their expectations for the year upwards, the sector keeps trading at depressed levels. The SX7E is valued at 6.7x next year earnings (and 5.9x 2023 earnings), which contrasts with a median level of 9.0x and a maximum of 12x over the last decade. Only twice was the P/E lower: in the middle of the 2011/2012 Eurozone crisis and at the onset of the pandemic. Why the disconnect between fundamentals and valuations?

Two sets of developments are unsettling markets: on the one hand, higher commodity and supply chain costs are eroding purchasing power and consumer confidence (the Putin + Xi Jinping risk): on the other hand, the risk of a wage-rent-inflation loop may drive central bankers to slam the brakes on growth by raising rates to contractionary levels (the Bullard + Knot risk).

Though uncertainty is high (the prime example is the possibility of Russia cutting gas supply), our central scenario remains more optimistic versus the consensus: we see a progressive improvement in commodity and supply conditions as extraction and production capacities are rebuilt ; we see growth in services sustaining employment and spending trends ; we see central banks not willing to risk a contractionary spiral to fight inflation.

May 2022

Inflation was a major theme in the markets during the month of May, as investors vacillated between record price increases and diminished but resilient growth. This hesitation had a downward impact on the markets in the first half of the month before partially recovering in the second half.

Against this uncertain backdrop, risk appetite strengthened slightly at the end of the month with the SubFin index tightening by 5 basis points to 185. In the equity market, the energy and banking sectors outperformed, while the retail and media sectors underperformed. The SX7R returned +6.54% versus -0.61% for the SXXR.

Eurozone macroeconomic developments pointed to a strengthening in the core inflation momentum:

- Core CPI increased by 0.5% MoM to an all-time high of 3.8% YoY
- Fiscal packages aimed at protecting discretionary income against energy and food prices are being broadly adopted, fuelling demand-pull core inflation
- Negotiated wages climbed to a 10-year high of 2.8%
- Growth in bank loans increased to 5.3% YoY (vs. a pre-pandemic 5Y average of c. 2.5%)

Report of the Board of Directors

Recession risk remained hotly debated amid unusually high demand and supply shocks. Despite the current commodity squeeze, we see two consecutive quarters of negative growth in the Eurozone as unlikely in 2022:

- Higher import prices are financed by fiscal deficits. The Euro area is heading for deficits of 4.6% and 3.1% in 2022 and 2023. The bloc is having a hard time departing from pandemic stimulus: in fact, between 2016 and 2019, the average deficit was below 1%. In contrast, a combined USD125 brent and EUR90/Mwh gas shock represents an estimated 2.2% GDP shock versus pre-pandemic levels (where they were trading closer to USD65 and EUR25/Mwh).

- The reopening effect has not fully played out. May Eurozone activity surveys reported the highest increase in employment over the past decade as well as strong investment trends. The supply side is ramping up productive capacity, feeding a positive loop. Countries with tight labour markets, such as the UK, are much less likely to enjoy the benefits of a rising workforce and therefore the most likely to suffer from stagflation.

- The resolve of the ECB in its fight against inflation is questionable. The shift in rate hikes expectations, though spectacular, has lagged increases in forward inflation markets - and is very far off from changes in realised core inflation. Presently, inflation is liquidating aggregate debt at record pace and Bund 20y / 10y real rates are still below -1%. As such, we believe talks of a recession induced by higher rates in the Eurozone to be premature.

That said, headline GDP should matter less than usual for banks. Traditionally, recessions are bad for banks because they are associated with a. deleveraging; and b. rising defaults due to a negative investment / final demand loop. This is not the current set-up. Loan growth is actually accelerating to a record pace and hiring is strong. In an economy where labour markets are supported by the need to rebuild domestic energy, food and supply chain security, though living standards are likely to fall, defaults may not rise as much as suggested by headline growth.

The outlook for banks' earnings is encouraging:

- Consensus EPS expectations for 2023 and 2024 for the SX7P are now back at their highest year-to-date, erasing the Ukraine-Russia war losses.
- NII expectations should continue to climb as analysts update their models with the latest rate market levels - at this time, analysts are still lagging the Eurozone rates market by c. 50-75bps.
- Analysts' assumptions for future loan losses are on the conservative side. They are forecasted to be above the 2017-2019 average in spite of the Covid-19 precautionary provisions and default trends signalling the opposite so far.
- Nominal cost trends are likely to be slightly worse than expected, though C/I ratios should be better than expected.

On the regulatory front, the Basel Committee is allegedly considering treating the Eurozone as one bloc for the calculation of the GSIB buffers. Though practical implications are limited for now, it is a new step towards more fungibility of capital and liquidity within the area. In other news, the Italian government is working on the renewal of the state guarantees on NPL transactions. The new scheme would provide for a state guarantee of 85-95%, while the senior note minimum rating should be BBB+ (one notch higher).

June 2022

Markets sold-off in June as investors grew increasingly concerned over the risk of central banks tightening in a recession. CDS indices in Europe and the US are starting to price stressed economic conditions, with implied high-yield default rates in the high single digits, well above current trends. The Xover and SubFin indices respectively closed the month around 600 bps and 250 bps. M/m core inflation stabilized at high levels in Europe and the US. The SX7R returned -9.11% vs. -7.09% for the SXXR.

Fundamentals remain solid. Bank lending accelerated to 5.8% in May, up from 5.3% in April and 4.8% in March, as credit demand followed strong nominal GDP. High-yield and leveraged loans annualised default rates were around 75 bps in June, well below their historical average of about 3%. The latest EBA data was also comforting for the banking sector: non-performing and forborne loan ratios reduced further on average to 1.9%.

Supervisors started to adopt a more prudent tone. The SSM asked banks to add a Russian gas embargo stress test in their capital planning, and there is a risk that the ECB may require buybacks to be more spread out over time, rather than smaller. We note that Intesa received ECB approval to carry its share buyback programme at the end of the month.

July 2022

Risk assets rallied in July as company earnings and economic activity surprised to the upside, especially in Europe. The Subfin index tightened by 45 bps to close the month at 204 bps. STOXX Europe companies reported revenues and earnings resp. 4% and 5% higher than expected. Within the European banking sector, revenues were 5% higher and earnings 30% higher. The SX7R ended the month at 1.66% vs. 7.74% for the SXXR.

Bank earnings were boosted by solid growth in lending volumes and expanding margins as higher interest rates started to flow through the P&L. Asset quality was benign as defaults remained low. Costs were broadly in-line, though were guided to creep higher. Commissions were more mixed: transaction and lending commissions were boosted by the pick-up in activity while investment commissions suffered from lower flows and customer engagement. Trading was strong in macro products and equities. Capital markets remained very weak. In aggregate, European banks posted very strong earnings, with a number of banks printing their highest quarterly net income ever.

On the macro front, the ECB enacted the end of the negative interest rates era while introducing a new policy tool designed to contain excessive widening in sovereign spreads. The tool was approved unanimously, has infinite capacity (no limit on the amount of securities purchased) and is only constrained by indicative conditions, giving the ECB unprecedented market and therefore, political power.

A new time-limited banking tax is being discussed in Spain. If voted, it should take away close to 10% of Spanish banks' 2022 and 2023 earnings, assuming extra costs are not passed on to customers. It is not clear yet what the position of regulators will be on this tax, as banks are typically required by the EBA to reflect the cost of taxes in their lending margins. Similar measures are discussed in the Czech Republic.

Report of the Board of Directors

August 2022

August was a hectic month for markets as inflation and energy remained at the forefront of investors' concerns. Hawkish central banks sent bonds lower with Bund yields touching 1.54%, 10Y gilts at 2.80% and 10Y USTs at 3.19%. The Subfin and Xover ended the month wider at 240 bps and 588 bps, respectively. Banks outperformed the market, with the SX7R returning -1.1% vs. -5.1% for the SXXR.

Newsflow was dominated by energy supply risks as Russia announced a full stop to NS1. This brings total Russian gas cuts to 80% of pre-invasion flows. Should Russia stop all exports, simulations show that further demand cuts would be necessary in case of a cold winter. The size of household and business support programs announced to date in the EU equals c. 2.5% of GDP (3.5% in Greece, 3% in Italy and 2% in Germany).

Bank analysts continued to restrike their earnings expectations higher as sensitivity to interest rates and strong lending outweighed salary inflation and a more prudent credit losses outlook. Price / book ratios at 0.5x are consistent with an average deflationary recession being priced in. While the typical recession knocks out 40% of bank earnings, our pessimistic scenario only sees a 15-20% impact with inflation and rates offsetting a jump in defaults. As such, we believe earnings resilience should provide support at these levels.

Q3 results could be a catalyst for a rally absent further negative headlines on the energy and tax fronts. Lending and market activity remained strong. Though bank executives are warning that credit losses should increase going forward, they are not seeing defaults trending higher yet. As a result, a sector beat on NII and asset quality is highly likely.

September 2022

September saw FX and rates volatility add to already elevated risk premia across European assets. Gilts were especially erratic, with 10Y rates moving by over 100 bps in a single day. The Subfin and the Xover closed the month at respec. 286 bps and 650 bps. The SXXR returned -6.43% versus -4.65% for the SX7R.

The market backdrop remains difficult to navigate as instability in key benchmarks makes a fertile ground for fear mongering, speculative attacks and negative feedback loops. During the UK mini-budget episode, a legitimate initial move in sterling and rates was precipitated by pension funds having to fire-sell their long duration holdings due to the inadequate liquidity of their asset-liability management strategies. Elsewhere, unsubstantiated rumors about Credit Suisse being insolvent triggered a short-lived panic that sent their AT1s 15 points lower and revived fears of a "Lehman moment" in Europe.

Despite all the noise, fundamentals remain bullish for European banks. Q3 and Q4 results will reflect the continued expansion of volumes and margins as well as low and stable default rates. Tighter monetary policy is boosting net interest margins, ample capital and funding buffers are supporting lending volumes, while strong job markets and accommodative fiscal policies are keeping defaults very low. Market volatility has remained a source of profits for most trading floors.

What would be needed for valuations to reconnect with earnings?

i. The earnings season should be especially supportive for names that have become extremely cheap but display a strong operational momentum. We would expect Deutsche Bank, Societe Generale, Erste Bank, Intesa, BNP and the smaller Italian banks to perform well on strong results and oversold technicals.

ii. A stabilization in inflation would calm investors who believe central banks are over-tightening and sending the economy into recession, as well as those who believe central banks are not tightening enough and risking a dangerous inflationary spiral. The latest supply chain, commodities and rent data have been encouraging. In the US, the focus is on whether wages will reflect the moderation in consumers' inflation expectations. In Europe, energy is still the main driver of inflation - in that regard, the electricity price caps agreed in the latest EU energy package and the downtrend in gas prices will likely bring down headline inflation, especially in Germany. However, CPI is one the most lagging indicators, and is likely to read badly for at least a few more months.

Though the latest data points to a fall in tail risks (both of a deep contraction and of runaway inflation), we will likely have a lot of volatility as markets try to front run the peak in central bank hawkishness.

October 2022

Risk assets rallied in October as central banks were seen to favor more gradual interest rate hikes going forward. The Subfin tightened by over 50 bps to close the month at 213 bps. The SX7R returned +8.39% vs. +6.35% for the SXXR.

Economic data painted a picture of soft growth and entrenched inflation. Annualized Q/Q GDP growth for the third quarter came at +2.6% in the US and +0.9% in the EU. Despite poor consumer and business sentiment, job creations remained robust on both sides of the Atlantic. EU October inflation numbers surprised to the upside, due to energy, food and industrial goods. Prices of services showed a notable deceleration.
European bank earnings have been strong with little signs of asset quality deterioration. Future guidance was optimistic, with the exception maybe of UK banks which have pre-emptively built up larger reserves.

On aggregate, revenues came up 5% higher than analyst expectations, driven by strong net interest income and trading, while earnings came 20% better. Compared to last year, revenues and earnings were resp. 13% and 20% higher. Banks that showed inferior cost control underperformed.

In other news, the ECB took actions on TLTRO, removing the arbitrage opportunity for banks as expected. Remuneration of excess reserves was not mentioned, which is encouraging.

Report of the Board of Directors

The sector continues to offer record high risk premia. Forward P/E ratios hover around their lowest ever both in absolute and relative terms, with the discount to the broader European stocks at c. 45%. Price-to-book ratios continue to trade in the bottom historical quartile despite record earnings and excess capital for the sector.

Beside geopolitical uncertainty and volatile energy markets, these valuations reflect fears that the fight against inflation may lead to adverse economic shocks or disruptive market events. The speed at which markets will climb this wall of worries will depend in great part on the path of inflation.

A gradual stabilisation combined with resilient growth would be very bullish for the sector.

November 2022

Risk assets rallied in November as inflation showed signs of easing and the Fed appeared more concerned about the risk of overtightening. The Subfin ended the month 36 bps tighter at 184bps. The SX7R returned 9.14 % versus 6.89% for the SXXR.

Macroeconomic indicators kept sending confusing signals on the strength of nominal demand. On the one hand, rate sensitive sectors are showing signs of weakness, with manufacturing surveys, the housing market and layoffs in the technology sector pointing to a recession. On the other hand, wage pressures and labour market strength, along with high cash buffers, allow consumer spending to keep growing in real terms despite low saving rates. Banks lending capacity, boosted by public sector guarantees, continues to fuel high credit creation, though at a declining pace. The need to reinvest in supply chains, clean energy and sovereignty is also driving higher capital spending, a feature that is usually not associated with recessions.

In bank specific news, Credit Suisse published another profit warning outlining strong outflows in the Asian wealth management division in October. However, the CEO later explained that outflows started to reverse in November. The HM Treasury released the response to its solvency II consultation, recommending a 65% decrease in the risk margin for life insurers and a 30% reduction for non-life insurance companies, along with a broadening of the eligible asset universe for the Matching Adjustment. AIB disclosed improved medium-term targets – RoTE > 13%, CET1 > 13.5% and a c.50% cost income ratio.
Q4 is shaping up to be another strong quarter for European banks: though new lending is likely to have moderated, realized deposit betas are well below guidance, trading volumes are holding up, defaults remain subsided, and costs are benefiting from past and newly-announced restructuring programs. Central banks' perceived hawkishness is likely to be the overarching driver of market performance in the next few quarters, which will in our view display low but positive growth (even in Europe) and high core inflation.

December 2022

Banks outperformed the market in December as economic data surprised to the upside while central banks guided to more rate hikes than anticipated. The SX7R returned +0.08% vs. -3.38% for the SXXR. The Subfin closed 10 basis points tighter at 174 bps. Rates sold off vigorously, with Bunds and 10Y Treasuries ending the month at resp. 2.55% and 3.87%.

The ECB raised rates by the expected 50bps and set initial parameters for QT with reinvestments to fall by €15bn per month from March 23. Christine Lagarde shocked the market by explicitly committing to further 50 bps rate hikes. As a result, the implied peak rate climbed from 3% to 3.5%. In his press conference, Jerome Powell focused on the labor market, emphasizing the high number of vacancies and strong wage pressures. The biggest surprise came from the BoJ, which raised its Yield Curve Control cap on 10Y JGBs from +25bps to +50bps.

Monetary data pointed to slowing but still dynamic bank lending in the Euro area. Credit growth to non-financials corporations remained strong at 8.4% YoY, slightly lower than the 8.9% in the previous two months. Among the major countries, Ireland, Greece, Germany, Austria and Finland all saw double digit growth rate. For households, the growth was little changed at 4.1% from 4.2% in October. Month-on-month, total customer deposits were unchanged (higher term deposits offsetting lower sight deposits) while loan volumes were slightly up.

On the regulatory front, the UK is preparing a review of the ring fencing rules as a post-Brexit plan to reduce the administrative burden on smaller lenders. The EBA published the results of its 2022 Risk Assessment Report: they noted elevated but declining levels of capital and liquidity, improving profitability and low NPL ratios. They warned against IT risks and highlighted the rising level of Stage 2 assets.

In bank specific news, HSBC announced that it has agreed to sell its Canadian business to RBC for a cash consideration of CAD 13.5bn (an impressive price of 2.5x P/B). The bank said it expected to distribute most of the surplus generated through exceptional dividends or buybacks but would also consider organic growth and investment opportunities.

AXIOM LUX - AXIOM SHORT DURATION BOND FUND

January 2022

The theme of inflation and rising interest rates has dominated the early part of the year, which has seen a sharp decline in equity markets. January's inflation figures surprised many on the upside. In the Eurozone, with interest rates at -50bp clearly incompatible with an inflation rate of 5% and an unemployment rate at its lowest for two decades in the Eurozone, the ECB is likely to have to revise its rate expectations upwards. In the US, Jerome Powell was firm in his speech, refusing to rule out rate hikes over several consecutive meetings German 5-year rates gained 25 basis points while the French 10-year government bond widened by 20 basis points to +0.42%.

The European credit market logically declined with spreads widening by 18 bps on the sub-fin to 126 bps.

In this climate, which is not very favorable for bond funds, Axiom Short Duration held up well thanks to its interest rate hedges (+30bps contribution) and credit hedges (+15bps contribution). The fund was active in seizing some opportunities in the High Yield BB, Hybrid Investment Grade and Legacy AT1 pockets. However, the year is going to be volatile and the cash pocket remains important for the time being to capture downward moves.

Report of the Board of Directors

February 2022

February began in the same vein as the beginning of the year. The theme of inflation and rising commodity prices heralded a probable interest rate hike cycle. Christine Lagarde spoke about the end of ECB asset purchases and the Bank of England announced its intention to sell off all its corporate bonds by the end of 2023. This fear of rising rates caused the entire bond market to retreat, benefiting rate hedging.

Putin's Russia turned everything upside down with a major military invasion of Ukraine. The financial markets were hit hard, with the financial sector in the front line, particularly the banks most exposed to Russia and Ukraine (RBI, OTP, Unicredit, Société Générale, which have local subsidiaries, but also, to a lesser extent, banks such as Intesa, Crédit Agricole, ING and Commerzbank), whose shares and bonds corrected sharply. This conflict will undoubtedly have an impact on the profitability of the exposed banks, but we believe that it does not represent a major solvency risk. For RBI, which is the most exposed bank to Russian risk, a scenario of zeroing out all of its exposure to Russia and Ukraine would result in a drop in CET1 ratio that can be estimated at 140 basis points, leaving the issuer above the MDA threshold, and therefore able to pay dividends and AT1 coupons. For the fund, Tier 2s between 6 and 7% yield represent an opportunity.

On the legacy bond recall front, it was also a busy month. HSBC confirmed the unevenness of several of its holdings, paving the way for calls. On the other hand, DNB and Deutsche Post Bank stated at the beginning of the month that they would keep their discos if the regulator did not object. This has led to price declines in the disco/CMS market segment, where many securities are clearly targeted by the various regulators as part of the harmonisation of securities that constitute regulatory capital. The fund was not present in this segment. With strong selling pressure and 20 point drops, the risk became interesting: some buying was done, especially on SPVs and long calls.

March 2022

March was a month of two acts. The first, marked by the jolts of the Russian offensive, was characterised by an overall widening of risk premiums, punctuated after a week by a veritable capitulation of the market (gold took 10% over the month, the 10-year Bund returned to negative territory).

The second act began when the numerous strategic and logistical obstacles encountered by the Russian army led its leaders to seek a solution on the diplomatic front.

The relative lull in the geopolitical situation immediately brought the inflation shock back to the fore. Its level reached 7.5% on average in Europe and above all 7.9% in the United States with an extremely tight labour market, according to Jerome Powell. The central banks have confirmed that they are determined to react by reducing their asset purchases and their balance sheets and, above all, by raising key rates. As a result, government bonds suffered their worst quarter since the 1980s. The US 10-year fell from 1.83% to 2.34%, and the German 10-year from 0.14% to 0.55%. The fund was protected via its interest rate hedges (+50 bps positive contribution).

After peaking at 197, the sub-fin ended at 140bps following the banks' reassuring communication on their Russian risk. The fund took advantage of this high point to sell off 75% of its long position in the Itraxx Senior. The exposure to Russia has pushed some bonds too low. The fund therefore took advantage of its cash pocket to reinvest massively. Examples include the RBIAV T2 2 year at 7% yield, the AT1 Legacy Credit Suisse at 7% with a call in 2 years or the Allianz Legacy T1 at 8%.

The subsequent recovery of the primary market also allowed us to buy issues with high premiums such as the Tier 2 Deutsche Bank at 4%.

April 2022

April 2022 reminded us that one crisis can hide another. The shock of the war in Ukraine is fading, the COVID is resurfacing in China. All this is fostering major disruptions in the flow of raw materials and manufactured goods, fuelling inflationary pressures.

Central banks are still aggressively trying to contain this pressure on prices, with interest rates resuming their upward trend. Over the month, the German 10-year yield went from 0.65% to 0.91% and from 2.35% to 2.90% for its American equivalent. These brutal movements in rates are combined with the end of quantitative easing and the transition to quantitative tightening. Central bankers want to turn off the liquidity tap and no longer be buyer of last resort. Investors expect the ECB deposit rate to be in positive territory by the end of the year.

The Sub-Fin went from 153 to 195 and the vast majority of equity indices ended the month in negative territory. This decline is mainly due to market fears after the publication of economic growth figures for the first quarter of 0% for France and -1.4% year-on-year for the United States for example. In addition, the IMF lowered its global growth forecast for 2022 by -0.8% to +3.6%.

Protections against rising rates and spreads limited the decline of the fund in April. Although the full effects of monetary tightening are yet to be felt in flows, some bonds now offer sufficient carry to cushion potential future shocks. One example is the investment in the Commerzbank 2030 Tier 2 bond with a call in 2025. It offers a yield of 4.30% over the next three years and 6.25% (4.35% + 5-year swap rate) over the next five years. If the bond market continues to decline, the fund plans to amplify this movement to deploy its cash+ pocket (bonds with a maturity of less than 6 months and an average yield of 1%) towards medium-term bonds to improve the fund's yield while limiting its impact on performance.

May 2022

Inflation was a major theme in the markets during the month of May, as investors vacillated between record price increases and diminished but resilient growth. This hesitation had a downward impact on the markets in the first half of the month before partially recovering in the second half. This volatility is likely to persist as long as the magnitude, speed and duration of the ongoing monetary tightening remain uncertain.

In this uncertain context, the SubFin index first peaked at 211 on May 20. The fund took advantage of this to completely cut its macro coverage (5% of the portfolio, 20% at the beginning of the year). Finally the index ended the month at 185 bps (-5bps vs. last month)

Report of the Board of Directors

This renewed optimism allowed the reopening of the primary market with, in particular, a Tier 2 issue by Athora (BBB+ rating). The fund participated in this issue. With a spread of 400 bps (coupon of 5.375% in €), it offers a premium of 70 bps over the secondary market. We expect this trend to continue in the coming months and we are holding cash to take advantage of this new Tier 2.

June 2022

The month of June will be remembered by the financial markets as one of the worst months in recent years, aside from the unprecedented situation of March 2020. It concludes the first half of 2022 which was marked by a series of shocks and mainly inflation amplified by the consequences of the war in Ukraine. The Subfin ended the month at 245bps (184bps at the end of May, +64 bps over the month) Central banks, after betting on a transitory phenomenon at the end of last year, have gone on the offensive to counter a sustainable rise in prices that is setting new records every month.The FED accelerated the end of its asset purchase program while raising its key rates at a pace not seen in nearly 30 years. This movement was amplified last month with multiple key rate hikes such as the US Federal Reserve raising its rates by 75 bps, the Bank of England by 25 bps and the Swiss National Bank by 50 bps. From the ECB side, the first rate hike in 11 years will take place on July 21 with +25 bps.

In this uncertain environment, the fund is focusing on Tier 2 bonds. It has participated in several primary issues with interesting premiums : Société Générale at 340bps, the German bank Helaba at 275bps, the Austrian insurer Vienna Insurance at 295bps and BFCM at 220bps. It also bought several Tier 2s on the secondary market with short calls and high post-call spreads such as the Commerzbank call in 3 years at 5.40% yield. Overall, this pocket now represents 25% of the fund and we believe it offers one of the best risk/return ratios in the market.

July 2022

Optimism returned during July, with a rally in all assets at the end of the month (the Subfin ended the month at c.204 compared to c.247 last month after a high of c.266 during the month). Perhaps the market had gone too far in its expectations of a recession. The growth in economic activity and the results published for the first half of 2022 surprised the markets. In Europe in particular, banks reported results well above expectations, with solid fundamentals and reassuring NPL and CET1 ratios.

Christine Lagarde spoke at the ECB conference on 21 July to announce the first rate hike since 2011. She surprised the market by directly raising them by 50 basis points against the 25 announced, thus putting an end to the famous "Forward Guidance" to which the market was accustomed. The consensus reacted well to this move, which was certainly aggressive but also more realistic given the level of uncertainty linked to inflation and the geopolitical context.

The ECB took the opportunity to present its new anti-fragmentation tool for the Eurozone, the Transmission Protection Instrument (TPI) which, officially, should improve the transmission of monetary policy throughout the zone. In practice, this instrument will allow the central bank to buy, without limit, securities issued by a State confronted with a deterioration of its financing conditions which would not be justified by the "fundamentals" of the country. It is above all a question of affirming the cohesion of the Eurozone and its uniqueness on a political and economic level.

At the end of the month, the FED announced in turn, for the second time in a row, a 75 basis point increase in its main policy rate to a range of 2.25% to 2.50%.

The US markets reacted upwards after being comforted by a less restrictive message from the FED Chairman on future moves. He announced that future decisions will be made on a meeting-by-meeting basis, suggesting that consideration of economic indicators will be paramount.
This strong message from the central bankers reassured them that inflation was under control, allowing long-term rates to continue the easing that began in June.
The context of rate c
uts and risk aversion was favorable to bond assets and the fund performed +0.72%. It was driven by the T2 pocket +0.35% and the AT1 legacy pocket +0.24%. With the rise in prices, there were fewer movements this month, although we should mention the purchase of a senior bond issued by the OTP bank with a 3-year maturity and a yield of 5.5%.

August 2022

After a relatively calm and well oriented first half of August, volatility reappeared. The credit markets ended lower, with the Senior Financial ending at 129 after starting at 110 at the end of July. The fund took advantage of a low point at 100 during the month to reduce its exposure to this index by half (from 10% to 5%).

The end of the month was marked by more aggressive discourse from central banks, notably at the annual Jackson Hole conference, announcing a focus on inflation to the detriment of economic growth. This announcement reflects a desire to maintain high rates for a longer period than the markets had anticipated, in order to slow down the economic machine. The impact on sovereign yield curves was significant, with the French 10 year jumping from 1.38% to 2.15% during the month. The fund's hedging against duration risk (78 bps contribution) helped to cushion the decline and end the month with a positive NAV (+0.31%).

After some selling at the beginning of August (notably the BFCM Tier 2 at 103 1/8 bought in primary in June), the fund participated in the primary wave. Many banks and insurers, after many months of waiting, have to come in to complete their regulatory capital ratio before the end of the year. The premiums offered are generous and provide an incentive to wait for the flow to dry up before buying secondary.

For example, the fund bought the new Deutsche Bank senior non-pref. with a coupon of 5%, the new Commerzbank Tier 2 with a coupon of 6.5% and the senior pref. Sabadell 3 year with a coupon of 5.375%. The Tier 2/Senior pocket has risen sharply since the beginning of the year, from 14% to 32%, and this trend is expected to continue: this investment sector currently offers one of the best risk/return ratios.

Report of the Board of Directors

September 2022

In September, all asset classes were thrown into turmoil against the backdrop of an increased risk of recession and persistent inflation despite the actions of central banks. Spreads have therefore widened again, with the Itraxx Subfin rising from 240 to 286bps and long rates going from 2.15% to 2.72% (French 10-years) and especially the UK rate widening from 2.79% to 4.08%.

As it was already the case last month, the primary market remained dynamic with the need for banks to increase their MREL ratio to meet regulatory requirements.

The fund participated in several of them, such as Crelan, a Belgian mutual bank, with an inaugural senior non-preferred issue at 5.5% over 3 years in EUR despite its 21% CET1 ratio.

At the end of the month, the credit market reached its lowest point of the year. Many opportunities appeared. For diversification reasons, the fund focused on the insurance legacy category, whose yields to call doubled during the month, making them very attractive. One example is the purchase at 98.5% of the Allianz 4.75% perpetual with a call option in one year (i.e. a yield to next call of 6.4%).

Those bonds issued before 2016 have a very high probability to be called because i/they will be disqualified from regulatory capital and ii/the post-call spreads are high (360bps in the case of the Allianz bond, with an A+ rating). The cash bucket has been used to increase the weight of this category from 3% to 7% and will be reinforced if this level of valuation persists.

October 2022

The month ended with positive markets: the SeniorFin tightened from 148 to 123bps. The 5% exposure to this index was the biggest contributor (+6bps) to performance this month

The earnings season was also a good catalyst with banks in good shape last quarter. Santander, Standard Chartered and Barclays all posted high levels of profit. Deutsche Bank stood out with its best quarter since 2006. On the other hand, Credit Suisse was heckled because of its recurrent governance problems, even if its existence is not at stake, as some rumors suggest. The strong fall was used to increase the weighting on the AT1 Legacies, positions that were sold a week later once the panic had passed.

The fund continued to strengthen its positions in senior and Tier 2 short call. Let's mention the new Raiffessen Schweiz senior with a yield of 5.23% and a single A rating, the Tier 2 ING 2028 with a highly probable call in 6 months at 5% yield or a Lloyds Tier 2 legacy with a yield in euros of 7% for 3 years.

The primary market with premiums between 100 and 200 bps compared to CDS continues to weigh on secondary bonds, they have difficulty performing even in a better oriented market (everyone waits for the primary to position). This allows the fund to achieve a rate of return close to 6% today.

November 2022

In line with the previous month, November confirmed the market rebound thanks to signals of slowing inflationary pressures and a decline in commodity prices.

Spreads continued to narrow: the SeniorFin fell from 123bps to 102bps. The fund took profits on this index by buying back its entire exposure.
Bonds also benefited from the flattening of the yield curve, with the 5-year swap 30bps lower than at the end of October (a sign of an emerging recession scenario).

With a performance of +1.32% over the month, the fund benefited from this rebound while maintaining a stable yield compared to last month (5.91%) thanks to an active primary market and attractive premiums.

The fund participated in 14 issues this month including a Tier 2 with a 5 year call on CaxiaBank (BBB+ senior) at 6.25% coupon, HSBC at 6.35%, a five year senior format on OTP (BBB+) at 7.35% and a subsidiary of Erste in the Czech republic (A) at 6.70% .

December 2022

December closed a year of contrasting events in 2022. The euphoria has been replaced by the anguish of a war at the gates of Europe, which has triggered persistent inflation, even though it was deemed to be transitory at the beginning.

The central banks were slow to take the measure of the danger but decided to act so as not to undermine their credibility in this battle, after a decade of low rates. The consequence of this monetary tightening has manifested itself radically with the French 10-year rising from 0.20% to 3.11% over the year while its German equivalent has gone from -0.18% to 2.57%. These movements are of a previously seen magnitude but with a starting level close to zero, the small carry level could not absorb this sudden rise.

In addition, spreads have widened considerably: the Senior Fin index has risen from 55bps to 99bps over one year, with a maximum at 153bps on the 29th September. In this volatile environment, the fund has managed to limit its losses and take advantage of the rise in yields to start 2023 with a yield to worst of 5.78% (compared to 1.65% at the beginning of 2022!).

There is no doubt that 2023 will be as turbulent as the previous year, but the yields now offer real protection against unanticipated bad news.

Report of the Board of Directors

AXIOM LUX - AXIOM OBLIGATAIRE

January 2022

The theme of inflation and rising interest rates dominated the beginning of the year, which was marked by a sharp decline in the US equity markets (-5.17% for the S&P 500 and -8.96% for the NASDAQ).

Commodity markets have not stopped rising, delivery times and order books are still at record levels, and inflation is shifting from goods to services. On 26 January, Jerome Powell surprised the markets by the firmness of his speech. Showing indifference to the recent correction in growth stocks, he refused to rule out key rate hikes over several consecutive meetings.

Yields on US 10-year sovereign bonds reached 1.8% at the end of the month.

European markets fell to a lesser extent (Eurostoxx 600 at -3.81%), helped by the ECB being less eager than the FED to raise its key rate.

However, January's inflation figures surprised many on the upside, more than offsetting the base effects so often cited by Christine Lagarde. With interest rates at -50bp clearly incompatible with a 5% inflation rate and a two-decade low unemployment rate in the Eurozone, the ECB is likely to have to revise its expectations upwards.

German 5-year rates gained 25 basis points while the French 10-year government bond widened by 20 basis points to +0.42%.

In Italy, the reappointment of Sergio Mattarella to the Quirinal Palace has led to a compression of Italian risk premiums. Mario Draghi will be able to continue his efforts on structural reforms and the allocation of funds from the European recovery plan. If the more extreme parties dominate the polls, the volatility linked to the political factor should be postponed until 2023. In the meantime, the flexibility of PEPP reinvestments should keep peripheral sovereign spreads in check.

The Stoxx Europe 600 Banks index posted a solid performance of +7.37% for the month of January, driven by the interest rate theme and the quality of banks' first results for the fourth quarter of 2021, which were again better than the consensus.

Deutsche Bank positively surprised the market, with its results exceeding expectations by 10%. The announcement of a share buyback programme was very well received, with some analysts interpreting it as the ECB's validation of the restructuring plan. UBS beat expectations by 13% and unveiled a strategy that emphasised surplus capital distributions. Sabadell and Bankinter also reported better than expected results.

On the M&A front, Societe Generale signed the acquisition of Lease Plan for €5bn. The deal will lead to the creation of a dominant player in the car fleet financing sector. While the price may seem significant, the impact on the CET1 ratio will be very limited for Societe Generale and significant cost synergies will be achieved.

The European credit market logically declined with spreads widening by 45 bps on Xover to 285 bps, SubFin by 18 bps to 126 bps and 11 bps on the Main index to 59 bps. The AT1 index recorded a negative performance of -2%.

The primary market was active at the beginning of January with AT1 issues by Crédit Agricole 4 3/4, BNP 4 5/8 and UBS 4 7/8, before closing in mid-January due to lack of investor appetite.

The primary market was active at the beginning of January with AT1 issues by Crédit Agricole 4 3/4, BNP 4 5/8 and UBS 4 7/8, before closing in mid-January due to lack of investor appetite.
The market turmoil prompted some buying. On the secondary market, the tier 2 bond of the Portuguese bank BCP was acquired with a yield of more than 4%, and the AT1 bond issued by Cassa di Risparmio di Asti was also selected. We also participated in the new issue of the financial holding company Bertrand corp SAS. The coupon is 4.3% over a five-year period.

February 2022

Market commentary

February started off in the same vein as the beginning of the year. The theme of inflation and rising commodity prices heralded a probable interest rate hike cycle. Christine Lagarde was speaking on the end of ECB asset purchase program and the Bank of England announced its intention to sell off all its corporate bonds by the end of 2023. This fear of rising rates caused all bond markets, including the AT1 market, to retreat.

Putin's Russia turned economic agendas upside down with a major military invasion of Ukraine. The financial markets have been hit hard with the banking sector in the front line and in particular the banks most exposed to Russia and Ukraine (Raiffeisen, OTP, Unicredit, Société Générale which have subsidiaries but also, to a lesser extent, banks such as Intesa, BNP, ING or Commerzbank) whose shares and bonds have corrected. Overall, this conflict has an impact on the profitability of the exposed banks but does not represent a major solvency risk. For Raiffeisen, the most exposed bank, a scenario of zeroing out all of its exposure to Russia and Ukraine would lower the CET1 ratio by 100 basis points, leaving the issuer above the MDA threshold and able to pay dividends and AT1 coupons.

Sberbank, the largest Russian bank, is the hardest hit. The Regulator has put Sberbank's European subsidiaries into resolution. The Slovenian and Croatian subsidiaries have already been taken over.

Expectations of interest rate hikes have been completely reversed (the market was expecting 50 basis points of interest rate hikes in Europe in 2022, but now it is zero) and long-term yields have eased sharply. The German 10-year rate, which was still negative, reached a high of 30 bps in the middle of the month before turning negative again at the end of February. However, the indirect impact of the Russian-Ukrainian conflict is likely to be much more profound, with national rearmament policies tending to be inflationary and a polarization of the major world economic zones leading to deglobalization and de-dollarization of trade.

Report of the Board of Directors

In terms of legacy bond cleaning, the month was also rich in news. HSBC confirmed the ineligibility of several of its securities, opening the way for recalls. On the other hand, DNB and Deutsche Post Bank affirmed at the beginning of the month their willingness to keep their discos if the Regulator did not object. This has led to price drops in the disco/CMS market segment, while many securities are clearly targeted by the various regulators as part of the harmonization of securities that constitute regulatory capital.

Fund activity

First, it should be remembered that the fund's Russian exposure is zero. With the turmoil in the credit market, the risk profile has been increased by buying European bonds. We completed our profit taking on the Ageas Libor + 1.35% perpetual bond. Indeed, its price has finally approached par after a notoriously hectic run in recent years.

March 2022

March was a month of two acts. The first, marked by the jolts of the Russian offensive, was characterised by a global widening of risk premiums punctuated after a week by a real capitulation of the market (gold took 10% over the month, the 10-year Bund went back into negative territory).

The second act began when the numerous strategic and logistical obstacles encountered by the Russian army led its leaders to seek a solution on the diplomatic front.

The relative ease in the geopolitical situation immediately brought the inflation shock back to the forefront. Its level reached 7.5% on average in Europe and especially 7.9% in the United States with an extremely tight labour market, according to Jerome Powell. The central banks have confirmed that they are determined to react by reducing their asset purchases and their balance sheets and, above all, by raising key rates. As a result, government bonds suffered their worst quarter since the 1980s. The US 10-year went from 1.83% to 2.34%, and the German 10-year from 0.14% to 0.55%. On short rates, the market is now expecting two 50 basis point hikes at the next two FED meetings. The yield curve has flattened considerably, with the spread between the 2-year and 10-year yields at almost zero, a warning sign of a possible recession.

The sequence of these two shocks of different nature has not, for the moment, hindered the forward march of the financial markets. The Subfin started the month at 151bps and ended it at 140bps with a peak at 200bps on 7 March, demonstrating the resilience of the financial sector. European banks are expecting the cost of risk to rise by 10 to 15 basis points. This is all the more sustainable given that European banks have so far only taken back half of the provisions linked to COVID (whereas their American counterparts have taken back all of them).

The market downturn at the beginning of the month offered us very attractive entry points on the secondary market. The subsequent recovery in the primary market also allowed us to take on issues with high premiums such as the Deutsche Bank Tier 2 and the Intesa and Rabobank AT1.

Fund Activity

The AT1 perpetual bond of the large Austrian bank Erste was selected. Our expected return on this investment is over 5% with an issue level rating of BBB- from Standard & Poors. In addition, we invested in MBank, the third largest Polish bank, at the bottom of the capital structure as the bond is senior. For this reason, the rating is very good (BBB- at Fitch and Standard & Poors). The yield to maturity 2026 is above 4.5%.

April 2022

April 2022 reminded us that one crisis can hide another. The shock of the war in Ukraine is fading, the COVID is resurfacing in China. All this is fostering major disruptions in the flow of raw materials and manufactured goods, fuelling inflationary pressures.

Central banks are still aggressively trying to contain this pressure on prices, with interest rates resuming their upward trend. Over the month, the German 10-year yield went from 0.65% to 0.91% and from 2.35% to 2.90% for its American equivalent. These brutal movements in rates are combined with the end of quantitative easing and the transition to quantitative tightening. Central bankers want to turn off the liquidity tap and no longer be buyer of last resort. Investors expect the ECB deposit rate to be in positive territory by the end of the year.

The Sub-Fin went from 153 to 195 and the vast majority of equity indices ended the month in negative territory. This decline is mainly due to market fears after the publication of economic growth figures for the first quarter of 0% for France and -1.4% year-on-year for the United States for example. In addition, the IMF lowered its global growth forecast for 2022 by -0.8% to +3.6%. But there are still reasons for hope!

On the interest rate side, the rise in interest rates has allowed us to reach levels of carry that we have not seen for a long time and offers very interesting entry points. Moreover, the current halt in the primary market will support bond issuance in the future, reinforcing this dynamic. On the equity side, the banking sector is trading at only 5.9 times its expected 2023 earnings, compared to an average multiple of 9 over the last ten years. This attractive valuation level has been reached only twice in the last decade: during the European debt crisis and in early 2020.

Fund Activity

We have selected the OTP 2029 bond. The Hungarian bank has a BBB rating from Moody's and Standard & Poors'. The expected return on our investment is above 5%. Note that this is a Tier 2 subordinated bond, a weak form of subordination.

The amount of bonds with a maturity of less than one year is 15%. This pocket will allow us to seize future opportunities.

May 2022

Inflation was a major theme in the markets during the month of May, as investors vacillated between record price increases and diminished but resilient growth. This hesitation had a downward impact on the markets in the first half of the month before they partially recovered in the second half. This volatility is likely to persist as long as the magnitude, speed and duration of the ongoing monetary tightening remain uncertain.

Report of the Board of Directors

Against this backdrop, risk appetite strengthened slightly at the end of the month with the SubFin index tightening by 5 basis points to 185. In the equity market, the energy and banking sectors outperformed, while the retail and media sectors underperformed.

The outlook for banks' earnings is encouraging:

Consensus EPS expectations for 2023 and 2024 are now back at their highest year-to-date, erasing the Ukraine-Russia war losses.

Net income interest expectations should continue to climb as analysts update their models with the latest rate market levels.

Nominal cost trends are likely to be slightly worse than expected, though C/I ratios should be better than expected.

Moreover, the resolve of the ECB in its fight against inflation is questionable, privileging economic growth. The shift in rate hikes expectations, though spectacular, has lagged increases in forward inflation markets - and is very far off from changes in realized core inflation. As such, we believe talks of a recession induced by higher rates in the Eurozone to be premature.

This renewed optimism reopened the primary market with two AT1 issues (Skandinaviska Enskilda Banken and Julius Bär) and a T2 from Athora. These issues were largely oversubscribed, indicating significant liquidity in the market.

On the regulatory front, the Basel Committee is allegedly considering treating the Eurozone as one bloc for the calculation of the GSIB buffers. Though practical implications are limited for now, it is a new step towards more fungibility of capital and liquidity within the area.

Fund Activity

A new signature has been selected with the Spanish bank Abanca. Financial metrics are good, including a low level of bad debt.

Our investment in the AT1 category has an expected yield close to 8%. We are continuing to take profits on the Commerzbank 2028 bond denominated in Singapore dollars after the good performance of this subordinated tier 2 security.

June 2022

The month of June will be remembered by the financial markets as one of the worst months in recent years, aside from the unprecedented situation of March 2020. It concludes the first half of 2022 which was marked by a series of shocks and mainly by inflation amplified due to the consequences of the war in Ukraine.

Central banks, after betting on a transitory phenomenon at the end of last year, have gone on the offensive to counter a sustainable rise in prices that is setting new records every month.The FED accelerated the end of its asset purchase program while raising its key rates at a pace not seen in nearly 30 years.

This movement was amplified last month with multiple key rate hikes such as the US Federal Reserve raising its rates by 75 bps, the Bank of England by 25 bps and the Swiss National Bank by 50 bps.From the ECB side, the first rate hike in 11 years will take place on July 21, with +25 bps.As a result, the main credit indices have fallen sharply, and the subordinated bank bond index is down 6.73%.

For the time being, this deteriorated situation has not affected the dynamism of financial bond issues thanks to high issue premiums and issuers with strong fundamentals. All segments are concerned. Credit Suisse issued an AT1 with a 9.75% coupon in dollars, Aviva issued an RT1, Generali, Credito Emiliano and Vienna Insurance issued Tier2s, and finally, TSB Bank, the British subsidiary of Sabadell, issued a senior bond at 5.25%. The secondary market is not left behind with a multitude of recall announcements by Credit Suisse, Barclays or HSBC for example.

This context allows financial subordinated bonds to embark on very attractive levels of carry in relation to risks. This is far from being the case for non-financial high yield corporate bonds, which are considered too risky in a tougher economic environment.

Funds activity

The market turmoil allowed us to acquire a senior non-preferred bond issued by Raffeisen Bank AS with a yield of 5% for a BBB rating. We are taking profits on the Axa CMS-indexed perpetual bond at a price close to par.

July 2022

Optimism returned in July, with a rally observed for all assets at the end of the month. Growth in economic activity and earnings releases for the first half of 2022 surprised the markets on the upside. In Europe in particular, banks published results that were well above expectations, with solid fundamentals and reassuring NPL and CET1 ratios. The month was strongly marked by the successive decisions of the ECB and the FED to raise their rates. Christine Lagarde spoke at the ECB conference on 21 July to announce the first rate hike since 2011. She surprised the market by directly raising them by 50 basis points against the 25 announced, thus putting an end to the famous "Forward Guidance" to which the market was accustomed. The consensus reacted well to this move, which was admittedly aggressive but also more realistic given the level of uncertainty linked to inflation and to the geopolitical context.

The ECB took the opportunity to present its new anti-fragmentation tool for the Eurozone, the Transmission Protection Instrument (TPI) which, officially, should improve the transmission of monetary policy throughout the zone. In practice, this instrument will allow the central bank to buy, without limit, securities issued by a country facing a deterioration of its financing conditions that would not be justified by the "fundamentals" of the country. It is above all a question of affirming the cohesion of the Eurozone and its uniqueness on a political and economic level. At the end of the month, the FED announced in turn, for the second time in a row, a 75-basis point increase in its main rate bringing it to a range of 2.25% to 2.50%. The US markets reacted upwards after being comforted by a less restrictive message from the FED Chairman on future moves. He announced that future decisions will be made on a meeting-by-meeting basis, suggesting that consideration of economic indicators will be essential.

Report of the Board of Directors

In this environment, which generally indicates that central banks have things under control, the market remained volatile and illiquid in July, ending the month on a positive note, especially for the credit universe.

Against this backdrop of recession fears, long rates have eased sharply with:

The US 10-year from 3% to 2.71% ;
The British 10-year from 2.23% to 1.95% ;
The German 10-year from 1.34% to 0.89%.

The evolution of the indices is globally homogeneous, with:

The Subfin ended the month at c.204 compared to c.247 last month (-17.41%), having reached c.266 at its highest during the month ;
The BPT spread is down to c.220 bps vs c.190 bps (+15.79%) before Mario DRAGHI's departure, with a high reached on July 14th at 255 bps;
The Xover index ended the month at c.509 bps vs c.590 bps at the beginning of the month (-13.73%), having reached a high during the month at c.626 bps ;
In the equity markets, the SX7R index ended the month at c.347 vs c.341 at the end of June (+1.76%).

Funds activity

Several acquisitions due to the summer stress. The AT1 bond of the large English bank NATWEST was acquired with a yield above 8.5% at the first call date. Santander had issued in 2017 a 1% bond which is no longer a part of the regulatory capital and will logically be recalled in 2024. The IRR of our investment is above 6%. Finally, for once, we participated in the primary market with the acquisition of OTP 2025 in senior format for a coupon of 5.5%.

August 2022

Market commentary

After a relatively calm and well oriented first half of August, volatility reappeared. The markets thus ended the month down, whether in the credit, interest rate or equity markets.

In this context, spreads widened again, with the Subfin going from 204 to 240, the SeniorFin from 110 to 129, the Main from 100 to 119, the Xover from 509 to 588 and above all the French 10-year jumping from 1.38% to 2.15% in rates.

The month ended with more aggressive statements from central banks, notably at the annual Jackson Hole conference, announcing a focus on inflation at the expense of economic growth.

This announcement reflects a desire to maintain high interest rates for a longer period than the markets had anticipated, in order to slow down the economic machine. In this environment, however, the current figures confirm that growth and the job market are still solid, which has led to a decline in financial assets.

Financials' second quarter results were 6% above consensus and profits were 35% higher.

Asset quality remains strong with high CET1 ratios and non-performing loan volumes still at record lows. The vast majority of banks are revising their growth targets upwards, based on their strong fundamentals. Indeed, the banking sector is structurally benefiting from rising interest rates. The primary market is again very active for financial issuers with very attractive yields as evidenced by the new BNP AT1 issue at 6.875% in EUR for a call in 7 years.

Funds Activity

Luminor Bank came to the primary market with a two-year senior issue rated Baa1. The coupon is 5%. The issuer is a Baltic bank, 80% owned by Blackstone and supervised by the ECB. Blackstone plans to increase its stake to 100% with a view to an IPO after 5 years.

It is a new brand and a significant player in the region with a 15% market share.

Metrics are good with low leverage (10% ratio) and low bad debt (1.7%).

There is no Russian exposure.

September 2022

Market commentary

Fall is coming in the markets in September. All asset classes were thrown into turmoil against the backdrop of an increased risk of recession and persistent inflation despite the actions of central banks.

In addition, the political context was tense with the organization of referendums by Russia, the elections in Italy which led the ECB to state that it would act beyond a spread of 250 on Italian debt compared to the German Bund and finally the risky political orientations of the new British government which generated volatility on the GBP and the Gilt.

Report of the Board of Directors

Spreads have therefore widened again, with the Subfin rising from 240 to 286, the SeniorFin from 129 to 155, the Xover from 588 to 655 and above all the UK 10-year yielding 4.083% compared to 2.788% at the beginning of the month.

Nevertheless, we observe a dichotomy between the negative macro environment and the good health of issuers in the financial sector with a dynamic primary market, source of numerous opportunities:

Sainsbury's Bank refinances its Tier2 debt at 10.5% in GBP with a CET1 ratio of 15.6%.

Abanca with a CET1 ratio of 13.3% in Senior Non-Preferred at 5.30% in EUR.

Crelan, a Belgian mutual bank, in an inaugural issue of senior non-preferred at 5.5% in EUR despite its 21% CET1 ratio to comply with banking regulations.

On the stock side, UBS announced a 10% increase in its dividend and the banking sector enjoyed a bullish rally until mid-September before being caught up by the prevailing gloom. However, it should be remembered that in the case of a classic recession, the shock to bank earnings is around 40% and is already largely reflected in prices.

Funds Activity

With market tensions, the primary market has become interesting again as issuers are eager to place their securities at any cost.

For example, we participated in the refinancing of a Tier 2 subordinated issue of Sainsburys Bank PLC. This is a group bank serving the customers of the UK retailer. The coupon is 10.5% on this issue in the investment grade category.

October 2022

Market commentary

The month ended with markets on the rise as gas prices eased sharply back below pre-war in Ukraine levels. The resignation of Liz Truss in the UK also managed to allay fears about the country's economic policy. The UK 10-year Gilt ended the month at 3.52% compared to 4.09% at the beginning of the month with a peak at 4.55%.

Spreads narrowed, with the Main falling from 135 to 114nps, the SeniorFin from 148 to 123bps, the Subfin from 272 to 220bps and the Xover from 641 to 555bps.

The results season was also a good catalyst with banks in good shape last quarter. Santander, Standard Chartered and Barclays all posted high profit levels. Deutsche Bank stood out with its best quarter since 2006. On the other hand, Credit Suisse has attracted a great deal of negative sentiment because of its recurrent governance problems.

The Swiss bank has announced a strategic transformation plan, aiming to reduce the number of employees from 52,000 to 43,000 by 2025, with a target CET1 ratio of 13.5%. Post transformation, 2/3 of the capital will be allocated to private banking, Swiss Banking and Asset Management, while the majority of the capital on their structured products business will be sold to PIMCO and APOLLO. The existence of Credit Suisse is not at stake, contrary to what some rumors have suggested in recent weeks.

The ECB continued its monetary tightening by raising rates by 75 basis points in the wake of what the FED had done at the end of September. The market had already largely anticipated this decision.

The main question now is whether the central bankers will maintain the high pace of rate hikes despite persistent inflationary pressure (10.7% year-on-year in Europe) in an attempt to avoid recession. Indeed, the impact of monetary policy decisions takes about 6 months to materialise in the real economy. Managing this perceived inertia will therefore be a determining factor in the path that the global economy will take Funds Activity

We invested in the Danish bank Sydbank in senior non-preferred (SNP) format. The bank has a strong capitalization and a good bad debt ratio (1.8%).

With the bond crash, the SNP bond segment has become interesting because it incorporates a weak form of subordination.
The IRR of our investment is 5% for an A3 rating.

November 2022

Market commentary

In line with the previous month, November confirmed the market rebound thanks to signals of slowing inflationary pressures and a decline in commodity prices. Spreads continued to narrow, with the Main falling from 113 to 92, the SeniorFin from 123 to 102bps, the Subfin from 220 to 184bps and the Xover from 555 to 458bps.

In bank specific news, Credit Suisse published another profit warning outlining strong outflows in the Asian wealth management division in October. However, the CEO later explained that outflows started to reverse in November. The ECB has also warned banks about climate risk. It is threatening to increase the regulatory capital ratio if it is not sufficiently considered.

The primary market remains very dynamic with AT1 issues by Deutsche Bank and BNP Paribas, Tier 2 issues by Bank of Ireland and Nova Ljubjanbska and many senior non-preferred or senior HoldCo issues such as those by Unicaja Banco, HSBC, Crédit Suisse or the Hungarian subsidiary of Erste Bank.

Report of the Board of Directors

This optimism is also fuelled by the slowdown in the pace of rate hikes by the central banks of Canada and Australia, which have slowed from +75 basis points to +50 basis points. Major central banks such as the Fed and the BoE are expected to follow this path in December. The ECB is still puzzled as it is already far behind in its monetary tightening. The logic is that today's inflation figures reflect the monetary policy decisions of 6 months ago. Economies are already decelerating with a high probability of recession next year.

With a recession scenario emerging, the uncertainty lies in the intensity of the coming economic contraction and the leeway for central banks to deal with it.

Funds Activity

We invested in the Austrian bank Erste through its Hungarian subsidiary. Our investment has a BBB+ rating from Fitch. It has a senior preferred rating.

Remember that senior preferred bonds have a preferential ranking except for the bank's depositors. The yield on our investment is about 7%.

December 2022

Market commentary

December concluded a year of contradictory events in 2022. Euphoria gave way to the anxiety of a war at the gates of Europe, triggering persistent inflation which had initially been considered transitory. The central banks were slow to assess the danger but decided to act so as not to undermine their credibility in this battle, after a decade of low interest rates.

The consequence of this monetary tightening has manifested itself radically with the French 10-year rising from 0.20% to 3.11% over the year while its German counterpart has risen from -0.18% to 2.57%. These movements are of a magnitude we have seen before, but with a starting level close to zero, the limited carry could not cushion this sudden rise.

Between the beginning and the end of 2022, the index levels were:

Main from 48 to 91bps with a maximum at 138 on 27 September.

Senior Fin from 55 to 99bps with a maximum at 153 on 29 September.

Sub fin from 108 to 172bps with a maximum at 280, on 29 September

Xover from 242 to 474bps with a maximum at 670, on 27 September

This context revealed a dichotomy between a resilient real economy and volatile financial markets. The main questions for the coming year will be the labour market and the level of interest rates. At the heart of this balancing act, central banks will have to balance the imperative of growth with the constraint of controlled inflation.

2023 should be as turbulent as the previous year, with the difference that the macroeconomic environment has changed profoundly. Inflation is expected to ease as commodity flows normalise and interest rates are expected to remain at high levels. This situation offers attractive opportunities for the European financial sector, especially as its fundamentals have been strengthened thanks to prudent regulation. Nevertheless, it should be remembered that risks are still in the market and that selectivity will be one of the keys for performance in the coming year.

Funds Activity

We invested in the Credit Suisse senior 2026 bond with a yield close to 8% for a yield in the BBB category. Switzerland's second largest bank has completed a 4 billion issue, partly underwritten by Saudi Arabia. The flight of large clients seems to be stopped, notably by increasing the interest rate for large depositors.

In addition, the Icelandic bank Arion Banki was selected in the senior preferred format with a yield close to 7% for a Moody's Baa1 rating.

AXIOM LUX - AXIOM OPTIMAL CRITERIA

January 2022

The theme of inflation and rising interest rates has dominated the early part of the year, which has seen a sharp decline in equity markets. January's inflation figures surprised many on the upside. In the Eurozone, with interest rates at -50bp clearly incompatible with an inflation rate of 5% and an unemployment rate at its lowest for two decades in the Eurozone, the ECB is likely to have to revise its expectations upwards. In the US, Jerome Powell was firm in his speech, refusing to rule out rate hikes over several consecutive meetings

German 5-year rates gained 25 basis points while the French 10-year government bond widened by 20 basis points to +0.42%.
The European credit market logically declined with spreads widening by 18 bps on the sub-fin to 126 bps.

In this climate, which is not very favourable for bond funds, Axiom Optimal Criteria suffered from its exposure to interest rates and also from its position in EDF (-18bps contribution), whose spread widened considerably following the French government's announcement of a freeze on electricity prices. However, interest rate hedging helped cushion the impact: the fund outperformed the ICE BofA Single A corporate index by 0.31% over the month (-0.98% vs -1.29%).

Report of the Board of Directors

February 2022

February began in the same vein as the beginning of the year. The theme of inflation and rising commodity prices heralded a probable interest rate hike cycle. Christine Lagarde spoke about the end of ECB asset purchases and the Bank of England announced its intention to sell off all its corporate bonds by the end of 2023. This fear of rising interest rates caused the bond markets as a whole to retreat, benefiting interest rate hedges (+21 bps contribution).

Putin's Russia turned everything upside down with a major military invasion of Ukraine. The financial markets were hit hard, with the financial sector in the front line, especially the banks most exposed to Russia and Ukraine (RBI, OTP, Unicredit, Société Générale, which have local subsidiaries, but also, to a lesser extent, banks such as Intesa, Crédit Agricole, ING and Commerzbank), whose stocks and bonds corrected sharply. This conflict will undoubtedly have an impact on the profitability of the exposed banks, but we believe that it does not represent a major solvency risk.

Some sales have been made to reduce portfolio risk.

March 2022

March was a month of two acts. The first, marked by the jolts of the Russian offensive, was characterised by an overall widening of risk premiums, punctuated after a week by a veritable capitulation of the market (gold took 10% over the month, the 10-year Bund returned to negative territory).

The second act began when the numerous strategic and logistical obstacles encountered by the Russian army led its leaders to seek a solution on the diplomatic front.

The relative lull in the geopolitical situation immediately brought the inflation shock back to the fore. Its level reached 7.5% on average in Europe and above all 7.9% in the United States with an extremely tight labour market, according to Jerome Powell. The central banks have confirmed that they are determined to react by reducing their asset purchases and their balance sheets and, above all, by raising key rates. As a result, government bonds suffered their worst quarter since the 1980s. The US 10-year fell from 1.83% to 2.34%, and the German 10-year from 0.14% to 0.55%. The fund was protected via its interest rate hedges (+100 bps positive contribution).

The fund took advantage of the fall in rates at the beginning of the month during the classic "fly to quality" to reduce its sensitivity by selling a few lines (M&G, LVMH, Mitsubishi) and buying EQT (a Scandinavian investment holding with a single A rating and a yield of 2.75%).

April 2022

April reminded us that one crisis may hide another. While the impact of Ukraine war is fading, COVID is resurfacing in China. All this is fuelling major disruptions in the flow of raw materials and manufactured goods, feeding inflationary pressures.

Central banks are still hawkish, trying to contain this pressure on prices, with interest rates resuming their forward march. In one month, the German 10-year yield went from 0.65% to 0.91% and from 2.35% to 2.90% for its American equivalent. These brutal movements in rates are combined with the end of quantitative easing and the transition to quantitative tightening. Central bankers want to turn off the liquidity tap and no longer be buyer of last resort. Investors expect the ECB deposit rate to be in positive territory by the end of the year.

The Sub-Fin fell from 153 to 195 and the vast majority of equity indices ended the month in the red. This decline is mainly due to market fears after the publication of economic growth figures for the first quarter of 0% for France and -1.4% annualized for the United States for example. In addition, the IMF lowered its global growth forecast for 2022 by -0.8% to +3.6%.

Protection against rising interest rates limited the decline of the fund in April (60 bps positive contribution). However, volatility is expected to persist as central banks reduce their balance sheets. Some adjustments were made to further reduce the fund's risks, such as the sale of the Swedbank 2027 bond, whose yield was no longer sufficient in the current context.

May 2022

Inflation was a major theme in the markets during the month of May, as investors vacillated between record price increases and diminished but resilient growth. This hesitation had a downward impact on the markets in the first half of the month before partially recovering in the second half. This volatility is likely to persist as long as the magnitude, speed and duration of the ongoing monetary tightening remain uncertain.
Against this uncertain backdrop, risk appetite strengthened slightly at the end of the month with the SubFin index tightening by 5 basis points to 185. In the equity market, the energy and banking sectors outperformed, while the retail and media sectors underperformed.

The outlook for banks' earnings is encouraging:
Consensus EPS expectations for 2023 and 2024 are now back at their highest year-to-date, erasing the Ukraine-Russia war losses.

Net income interest expectations should continue to climb as analysts update their models with the latest rate market levels - at this time, analysts are still lagging the Eurozone rates market by c. 50-75bps.

Analysts' assumptions for future loan losses are on the conservative side. They are forecasted to be above the 2017-2019 average despite the Covid-19 precautionary provisions and default trends signalling the opposite so far.

Nominal cost trends are likely to be slightly worse than expected, though C/I ratios should be better than expected.

Moreover, the resolve of the ECB in its fight against inflation is questionable, privileging economic growth. The shift in rate hikes expectations, though spectacular, has lagged increases in forward inflation markets - and is very far off from changes in realised core inflation. As such, we believe talks of a recession induced by higher rates in the Eurozone to be premature.

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This renewed optimism reopened the primary market with two AT1 issues (Skandinaviska Enskilda Banken and Julius Bär) and a T2 from Athora. These issues were largely oversubscribed, indicating significant liquidity in the market.

On the regulatory front, the Basel Committee is allegedly considering treating the Eurozone as one bloc for the calculation of the GSIB buffers. Though practical implications are limited for now, it is a new step towards more fungibility of capital and liquidity within the area.

June 2022

June was one of the worst downturns in a long time, except for the unprecedented situation in March 2020. The European investment grade corporate bond index recorded a monthly loss of -3.78%, the European high yield corporate bond index was -5.42%, while the bank subordinated bond index was -6.73%.

An economic recession seems increasingly likely due to overheating inflation that does not seem to slow down and the very aggressive speeches of central banks. The FED raised rates by 75 bps, the Bank of England by 25 bps and the Swiss National Bank by a surprise 50 bps. The ECB is planning to do the same in July and will have to be persuasive to remove the scenario of the Eurozone fragmentation from investors' minds.

For the time being, this deteriorated situation does not affect the dynamism of financial bond issuances thanks to high issue premiums and issuers with solid fundamentals. All segments are concerned. Credit Suisse issued an AT1 with a 9.5% coupon, Aviva issued an RT1, Generali, Credito Emiliano and Vigav issued Tier2s, and finally, TSB Bank, the British subsidiary of Sabadell, issued a senior bond at 5.25%. The secondary market was not left behind with a multitude of call announcements by Credit Suisse, Barclays or HSBC for example.

This context allows financial subordinated bonds to offer very attractive risk-adjusted carry levels. This is far from being the case for non-financial high yield corporate bonds, which are considered too risky in the face of future rate hikes. More anecdotally, we note that crypto currencies have collapsed.

July 2022

Optimism returned in July, with a rally observed for all assets at the end of the month. Growth in economic activity and earnings releases for the first half of 2022 surprised the markets on the upside. In Europe in particular, banks published results that were well above expectations, with solid fundamentals and reassuring NPL and CET1 ratios.

The month was strongly marked by the successive decisions of the ECB and the FED to raise their rates.

Christine Lagarde spoke at the ECB conference on 21 July to announce the first rate hike since 2011. She surprised the market by directly raising them by 50 basis points against the 25 announced, thus putting an end to the famous "Forward Guidance" to which the market was accustomed. The consensus reacted well to this move, which was admittedly aggressive but also more realistic given the level of uncertainty linked to inflation and to the geopolitical context.

The ECB took the opportunity to present its new anti-fragmentation tool for the Eurozone, the Transmission Protection Instrument (TPI) which, officially, should improve the transmission of monetary policy throughout the zone. In practice, this instrument will allow the central bank to buy, without limit, securities issued by a country facing a deterioration of its financing conditions that would not be justified by the "fundamentals" of the country. It is above all a question of affirming the cohesion of the Eurozone and its uniqueness on a political and economic level.

At the end of the month, the FED announced in turn, for the second time in a row, a 75-basis point increase in its main rate bringing it to a range of 2.25% to 2.50%.

The US markets reacted upwards after being comforted by a less restrictive message from the FED Chairman on future moves. He announced that future decisions will be made on a meeting-by-meeting basis, suggesting that consideration of economic indicators will be essential.

In this environment, which generally indicates that central banks have things under control, the market remained volatile and illiquid in July, ending the month on a positive note, especially for the credit universe.

Against this backdrop of recession fears, long rates have eased sharply with:

The US 10-year from 3% to 2.71% ;
The British 10-year from 2.23% to 1.95% ;
The German 10-year from 1.34% to 0.89%.

The evolution of the indices is globally homogeneous, with:

The Subfin ended the month at c.204 compared to c.247 last month (-17.41%), having reached c.266 at its highest during the month ;

The BPT spread is down to c.220 bps vs c.190 bps (+15.79%) before Mario DRAGHI's departure, with a high reached on July 14th at 255 bps;

The Xover index ended the month at c.509 bps vs c.590 bps at the beginning of the month (-13.73%), having reached a high during the month at c.626 bps ;

In the equity markets, the SX7R index ended the month at c.347 vs c.341 at the end of June (+1.76%).

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August 2022

After a relatively calm and well oriented first half of August, volatility reappeared. The markets thus ended the month down, whether in the credit, interest rate or equity markets.

In this context, spreads widened again, with the Subfin going from 204 to 240, the SeniorFin from 110 to 129, the Main from 100 to 119, the Xover from 509 to 588 and above all the French 10-year jumping from 1.38% to 2.15% in rates.

The month ended with more aggressive statements from central banks, notably at the annual Jackson Hole conference, announcing a focus on inflation at the expense of economic growth.

This announcement reflects a desire to maintain high interest rates for a longer period than the markets had anticipated, in order to slow down the economic machine. In this environment, however, the current figures confirm that growth and the job market are still solid, which has led to a decline in financial assets.

Financials' second quarter results were 6% above consensus and profits were 35% higher.

Asset quality remains strong with high CET1 ratios and non-performing loan volumes still at record lows. The vast majority of banks are revising their growth targets upwards, based on their strong fundamentals. Indeed, the banking sector is structurally benefiting from rising interest rates. The primary market is again very active for financial issuers with very attractive yields as evidenced by the new BNP AT1 issue at 6.875% in EUR for a call in 7 years.

September 2022

Fall is coming in the markets in September. All asset classes were thrown into turmoil against the backdrop of an increased risk of recession and persistent inflation despite the actions of central banks.

In addition, the political context was tense with the organisation of referendums by Russia, the elections in Italy which led the ECB to state that it would act beyond a spread of 250 on Italian debt compared to the German Bund and finally the risky political orientations of the new British government which generated volatility on the GBP and the Gilt.

Spreads have therefore widened again, with the Subfin rising from 240 to 286, the SeniorFin from 129 to 155, the Xover from 588 to 655 and above all the UK 10-year yielding 4.083% compared to 2.788% at the beginning of the month.

Nevertheless, we observe a dichotomy between the negative macro environment and the good health of issuers in the financial sector with a dynamic primary market, source of numerous opportunities:

Sainsbury's Bank refinances its Tier2 debt at 10.5% in GBP with a CET1 ratio of 15.6%.

Abanca with a CET1 ratio of 13.3% in Senior Non-Preferred at 5.30% in EUR.

Crelan, a Belgian mutual bank, in an inaugural issue of senior non-preferred at 5.5% in EUR despite its 21% CET1 ratio to comply with banking regulations.

On the stock side, UBS announced a 10% increase in its dividend and the banking sector enjoyed a bullish rally until mid-September before being caught up by the prevailing gloom. However, it should be remembered that in the case of a classic recession, the shock to bank earnings is around 40% and is already largely reflected in prices. At the current level of discount, when price divided by book value is around 50%, the risk/return trade-off is favourable as long as the banks selected are those that can best adapt to future developments.

October 2022

The month ended with markets on the rise as gas prices eased sharply back below pre-war in Ukraine levels. The resignation of Liz Truss in the UK also managed to allay fears about the country's economic policy. The UK 10-year Gilt ended at 3.52% compared to 4.09% at the beginning of the month with a peak at 4.55%.

Spreads narrowed, with the Main falling from 135 to 114, the SeniorFin from 148 to 123, the Subfin from 272 to 220 and the Xover from 641 to 555.

The results season was also a good catalyst with banks in good shape last quarter. Santander, Standard Chartered and Barclays all posted high profit levels. Deutsche Bank stood out with its best quarter since 2006. On the other hand, Credit Suisse has attracted a great deal of negative sentiment because of its recurrent governance problems.

The Swiss bank has announced a strategic transformation plan, aiming to reduce the number of employees from 52,000 to 43,000 by 2025, with a target CET1 ratio of 13.5%. Post transformation, 2/3 of the capital will be allocated to private banking, Swiss Banking and Asset Management, while the majority of the capital on their structured products business will be sold to PIMCO and APOLLO. The existence of Credit Suisse is not at stake, contrary to what some rumors have suggested in recent weeks.

The ECB continued its monetary tightening by raising rates by 75 basis points in the wake of what the FED had done at the end of September. The market had already largely anticipated this decision.

The main question now is whether the central bankers will maintain the high pace of rate hikes despite persistent inflationary pressure (10.7% year-on-year in Europe) in an attempt to avoid recession. Indeed, the impact of monetary policy decisions takes about 6 months to materialise in the real economy. Managing this perceived inertia will therefore be a determining factor in the path that the global economy will take.

Report of the Board of Directors

November 2022

In line with the previous month, November confirmed the market rebound thanks to signals of slowing inflationary pressures and a decline in commodity prices. Spreads continued to narrow, with the Main falling from 113 to 92, the SeniorFin from 123 to 102bps, the Subfin from 220 to 184bps and the Xover from 555 to 458bps.

In bank specific news, Credit Suisse published another profit warning outlining strong outflows in the Asian wealth management division in October. However, the CEO later explained that outflows started to reverse in November. The ECB has also warned banks about climate risk. It is threatening to increase the regulatory capital ratio if it is not sufficiently considered.

The primary market remains very dynamic with AT1 issues by Deutsche Bank and BNP Paribas, Tier 2 issues by Bank of Ireland and Nova Ljubjanbska and many senior non-preferred or senior HoldCo issues such as those by Unicaja Banco, HSBC, Crédit Suisse or the Hungarian subsidiary of Erste Bank.

This optimism is also fuelled by the slowdown in the pace of rate hikes by the central banks of Canada and Australia, which have slowed from +75 basis points to +50 basis points. Major central banks such as the Fed and the BoE are expected to follow this path in December. The ECB is still puzzled as it is already far behind in its monetary tightening. The logic is that today's inflation figures reflect the monetary policy decisions of 6 months ago. Economies are already decelerating with a high probability of recession next year.

With a recession scenario emerging, the uncertainty lies in the intensity of the coming economic contraction and the leeway for central banks to deal with it.

December 2022

December concluded a year of contradictory events in 2022. Euphoria gave way to the anxiety of a war at the gates of Europe, triggering persistent inflation which had initially been considered transitory. The central banks were slow to assess the danger but decided to act so as not to undermine their credibility in this battle, after a decade of low interest rates.

The consequence of this monetary tightening has manifested itself radically with the French 10-year rising from 0.20% to 3.11% over the year while its German counterpart has risen from -0.18% to 2.57%. These movements are of a magnitude we have seen before, but with a starting level close to zero, the limited carry could not cushion this sudden rise.

Between the beginning and the end of 2022, the index levels were:

Main from 48 to 91bps with a maximum at 138 on 27 September.
Senior Fin from 55 to 99bps with a maximum at 153 on 29 September.
Sub fine from 108 to 172bps with a maximum at 280, on 29 September
Xover from 242 to 474bps with a maximum at 670, on 27 September

This context revealed a dichotomy between a resilient real economy and volatile financial markets. The main questions for the coming year will be the labour market and the level of interest rates. At the heart of this balancing act, central banks will have to balance the imperative of growth with the constraint of controlled inflation.

2023 should be as turbulent as the previous year, with the difference that the macroeconomic environment has changed profoundly. Inflation is expected to ease as commodity flows normalise and interest rates are expected to remain at high levels. This situation offers attractive opportunities for the European financial sector, especially as its fundamentals have been strengthened thanks to prudent regulation. Nevertheless, it should be remembered that risks are still in the market and that selectivity will be one of the keys for performance in the coming year.

AXIOM LUX - AXIOM LONG SHORT CREDIT

January 2022

January saw a major correction in risk markets caused by the acceleration of the FED's monetary normalisation timetable. As this correction was caused by the rate hike, BB was impacted more than B, mainly on US HY. Volatility in the High Yield markets doubled with large daily variations, especially on the "macro" credit instruments (Itraxx Crossover and CDX HY). The downturn considerably reduced the flow of primary deals, with US HY taking 11 billion versus 40 billion expected and European HY taking 5 billion versus 20 billion expected.

In this context, our portfolio suffered from the drop in the BB against the B, even if the net shorts cushioned part of this effect. We believe that this correction is only in its early stages and that for the high yield markets it will move from a macro phase determined by monetary policy to a more specific phase of repricing of the different HY compartments according to the yields executed in the primary markets and the subscriptions/redemptions in the funds. The primary HY pipeline is very important in volume and its execution crucial for banks that have granted bridge financing to many B and CCC loans that they want to refinance as soon as possible. A large volume will have to go through both the European and US HY primaries in the coming weeks with significant concessions if necessary. These concessions are likely to reprice the B and CCC segments. We will therefore increase our B and CCC shorts on the credits most likely to fall in this primary wave.

Report of the Board of Directors

February 2022

February was a very negative month for the high yield and equity markets with the acceleration of the rate hike outlook followed by the war in Ukraine. Our portfolio had a negative performance due to the war in Ukraine and the sanctions taken on 28 February. This performance is due to 2 factors, one micro with 3 long positions whose price dropped significantly and the long HY European short HY US positioning of the portfolio. 3 long positions on 2 commodity traders and a distributor present in Russia and Ukraine saw a price drop of over -20%. After analysing the situation and discussing it with each management, we decided to keep these positions, which appear to be too heavily penalised by the markets, as the short-term credit risk remains under control.

The long HY European short US HY position was impacted by the inversion of the spread between the two markets. Indeed, this crisis has brought the European spread to a higher level than that of the US HY, which had not happened since the Eurozone crisis of 2011-12. We have decided to shift our short position from US HY to European HY over the next few months, as the current crisis and its consequences will affect Europe more significantly and for longer than the US.

Finally, this crisis is finally seeing the return of dispersion between credits, which should allow us to find new long-short positions to increase the diversification of our portfolio.

March 2022

March was a volatile month for the High Yield markets with significant downside and volatility in the first two weeks due to the war in Ukraine, followed by a fortnight of market rebound. March also saw the first FED rate hike since 2018 with a series of comments that led to a significant increase in rate expectations as well as an inversion of the US yield curve. Our portfolio still suffered from the consequences of the Ukrainian situation, less so than in February and with a rebound in prices of the most affected long positions.

April will see the annual publications of many of our credits, which will be crucial for the performance of our portfolio.

We took advantage of the stabilization of the markets at the end of the month to increase our long portfolio mainly through primary (corporate hybrids and senior debt BBB and BB+), while maintaining our net short exposure. If this period of calm lasts, the European HY primary market, which has been closed for 6 weeks, should reopen and allow us to find new opportunities between primary, secondary and CDS deals.

April 2022

April saw a resumption of the correction in the HY markets after the lull at the end of March, with an acceleration in the fall in prices and the widening of spreads at the end of the month. This decline is part of a general repricing context, with US 10-year rates rising by 60 bps and the S&P 500 falling by -8.7% over the month.

What are the causes of this risk aversion?

We can mention the Chinese containment and the associated risk on world trade or the war in Ukraine... However, the first risk factor for the markets remains the management of inflation by the FED with the perception that even a very fast tightening (even if very important) would not be enough to slow down inflation.

This risk is both new to the markets, difficult to assess and subject to reassessment at the slightest economic figure that comes out stronger or weaker than expected. This will remain a topic for the months to come.

Finally, despite the widening of HY spreads, there is still no repricing of B-CCC against BB, i.e., repricing without a 'risk hierarchy' within HY. This raises an important question: if the risk of recession increases as the spread seems to indicate, the risk should increase more for the most indebted companies. This paradox leads to the new concept of "defaultless recession" in the HY markets, a somewhat curious concept that would see a painless recession for speculative credits?

We continue to believe that a repricing of HY also means a repricing of the BB-B relationship. Even if our portfolio continues to suffer from the latter phenomenon, we continue to increase our long BB to take advantage of attractive spreads again on the less risky HY segment.

May 2022

May was a very volatile, mainly due to changes in investor sentiment on US monetary policy and the associated risk of recession.

At the beginning of the month, risky markets went down (US HY -3% and Euro HY -2%) following comments from FED members stressing the need to break the inflation momentum, despite the potential effects this may have on markets, growth and employment. At the end of the month, we witnessed a reversal of the investor’s sentiment, inducing a rebound (+3% for the US HY and "only" +0.70% for Euro HY), due to the March meeting Minutes publication, which was interpreted as less negative than expected. This volatility is likely to continue as long as the magnitude, speed and duration of US monetary tightening remain uncertain. Investors have few numbers or benchmarks to hold on to.

In this context, our portfolio had a bad month due to our long Europe short US bias, our long European real estate debt and our short CDX HY (which suffered from a short squeeze at the end of the month). Our "long BB - short B" positioning is not performing well despite the uncertainties about the risk of recession. However, we remain convinced that the increase in recession risk will lead to an increase in default risk and a repricing of the BB-B spread.

The next catalysts for our portfolio are the upcoming FED meetings (how many 50bps hikes to come?), the start of ECB monetary tightening (when? 25bps or 50bps hikes?) and their impact on recession risk. Finally, we participated in the reopening of the HY primary market to invest in BB+/BBB- credit quality stocks at yields between 4.25% and 5.06% in euros, i.e. 100bps above the secondary market.

Report of the Board of Directors

June 2022

June was a month of very significant declines for risky markets. For High Yield, it is the worst month since March 2020 and June makes the first half of 2022 the worst half-year since the end of 2008.

On the other hand, half of the price decrease this semester is due to the rise in rates and the spread widening is not (yet) comparable to previous crises.

The Crossover and CDX HY indices remain the only liquid instruments in a market where volatility has led to a decrease in volume, whereas previous episodes had seen a high volume.

Our portfolio had a negative performance for the month mainly due to the decline in corporate hybrids, especially real estate hybrids.

After re-examining the fundamentals of the longs that had fallen the most in this sector, we decided to increase these positions, which offer yields over 10% for BB ratings.
Finally, the underperformance of the Crossover compared to the CDX HY should allow us to add a macro liquid long Euro HY short US HY position in the coming weeks.

July 2022

July saw a very strong rebound in the High Yield markets after the worst first half of the year since 2000 in terms of performance.

This rebound was triggered by the perception that the FED will soon end its hiking cycle with the first signs of stabilization of inflation and a decline in US growth, but also because of the ECB's 50bp hike and the implementation of its "anti-fragmentation" tool, which reassures the market about the risk linked to Italy.

Finally, the recent decline in commodity prices reinforces the scenario of inflation stabilization. On the other hand, the Russian gas crisis remains a specific risk factor for Europe. Is this a rebound in a bear market or a new trend? The risk of recession is still there and makes us favor the first scenario.

Our portfolio had a negative performance over the month mainly due to the market rebound, which benefited more the high beta stocks we are short.

Finally, we took advantage of the rebound of the US HY CDX (in price) to increase our US HY short. Depending on the opportunity, we will increase the European long BB opposite this short.

August 2022

August was a very volatile month that started with a rally but ended with a major correction in the high yield and equity markets.

US figures at the beginning of the month indicated a robust labour market and decelerating inflation which fueled the rise in risky assets.

This rise in assets convinced the FED to communicate more clearly on the priority it gives to the fight against inflation, even at the expense of US growth and employment.

The FED chairman clarified the roadmap by talking about "restrictive rate conditions for some time", which led to a significant market correction at the end of the month.

Our portfolio had a slightly positive performance for the month thanks to this correction and we are positioned to take advantage of the further decline by the end of the year.

September 2022

September saw a significant correction in the high yield markets due to a combination of negative factors, both macro and micro.

Stronger than expected inflation figures have led to an increase in rate hike expectations of more than 100bp by mid 2023 for both the FED and the ECB.

Several benchmark companies issued profit warnings for the third quarter, with the chemical, automotive and logistics sectors particularly hit.

Finally, the announcement by the new British government of unfunded tax cuts caused a crisis in the currency and the Gilts and accentuated the decline in the markets.

In this context, our portfolio had a slightly positive performance, and we maintain our short bias.

October 2022

October saw a significant rise in the High Yield markets after the September correction.

On the latter theme, market prices reflect a very negative scenario for the sector as several companies have announced debt buybacks and asset sales to improve their financial situation.

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On the other hand, the context remains positive for subordinated financial debt and we have made arbitrages within our long portfolio towards this segment in order to reduce risks while retaining a significant rebound potential.

November 2022

November saw a significant rise in the high yield markets thanks to a moderation in US inflation and expectations of US rate hikes, which Jerome Powell's speech at the end of the month seemed to confirm.

Another theme that had a positive impact was the feeling that China will ease its zero-covid policy, which should allow its economy to recover.

Our long portfolio performed well in November thanks to the European long fixed income segment where good news followed: Together Financial upgraded from BB- to BB, Adler obtained financing, SBB sold a lot of assets.

One of our main shorts also performed very well on the occasion of an asset write-down that surprised the markets (financial services sector).
Finally, we continued to make arbitrages within our long portfolio towards subordinated financial debts in order to reduce risks while keeping a significant rebound potential.

December 2022

December was marked by central bank activity: the FED and ECB raised rates by 50 bp each and the Bank of Japan relaxed its yield curve control policy.

This activity has led to an overall rise in rates and a fall in risky asset classes, especially as these actions signal that rate hikes will continue into 2023.

Our portfolio delivered a slightly positive performance, mainly due to improved news flow on our long European real estate sector.2023 starts with many major questions for the markets: recession and the magnitude of the wave of corporate failures, inflation dynamics and the inflection point (or not) on long rates...

We are maintaining our current management strategies (mainly long subordinated financials and short US HY), with the ability to adjust the portfolio according to the opportunities offered by the start of the year.

The figures stated in this report are historical and not necessary indicative of future performance.

Audit report

To the Shareholders of
AXIOM LUX

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AXIOM LUX (the "Fund") and of each of its sub-funds as at 31 December 2022, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund's financial statements comprise:

- the combined statement of net assets for the Fund and the statement of net assets for each of the sub-funds as at 31 December 2022;
- the securities portfolio as at 31 December 2022;
- the combined statement of operations and changes in net assets for the Fund and the statement of operations and changes in net assets for each of the sub-funds for the year then ended; and
- the notes to the financial statements - schedule of derivative instruments and the other notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or close any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;

- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund or any of its sub-funds (except for Axiom Optimal Criteria where a decision to liquidate exists) to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 27 April 2023

Electronically signed by:
Sébastien Sadzot

Sébastien Sadzot

AXIOM LUX

Combined financial statements

Combined statement of net assets as at 31/12/22

	Note	Expressed in EUR
Assets		**1,010,891,061.09**
Securities portfolio at market value	2.2	951,477,914.67
Cost price		*1,009,341,604.69*
Options (long positions) at market value	2.6	1,785,000.00
Options purchased at cost		*4,152,000.00*
Cash at banks and liquidities		33,048,945.94
Receivable for investments sold		11,355.87
Receivable on subscriptions		2,335,406.89
Net unrealised appreciation on forward foreign exchange contracts	2.7	6,414,657.99
Net unrealised appreciation on financial futures	2.8	3,999,532.79
Net unrealised appreciation on swaps	2.9	11,560.96
Dividends receivable, net		157,044.24
Interests receivable, net		11,537,187.41
Formation expenses, net	2.11	76,255.84
Other assets		36,198.49
Liabilities		**21,105,064.54**
Bank overdrafts		13,065,009.93
Payable on investments purchased		2,219,639.03
Payable on redemptions		1,086,979.68
Payable on repurchase agreements	9	313,560.00
Net unrealised depreciation on swaps	2.9	1,354,169.39
Management Company fees payable	3	993,027.01
Depositary and sub-depositary fees payable		36,431.48
Administration fees payable	5	67,612.11
Performance fees payable	4	1,799,390.51
Interests payable, net		45,610.41
Other liabilities		123,634.99
Net asset value		**989,785,996.55**

Combined statement of operations and changes in net assets for the year ended 31/12/22

	Note	Expressed in EUR
Income		**43,601,886.45**
Dividends on securities portfolio, net		7,848,910.60
Interests on bonds and money market instruments, net		33,965,084.69
Interests received on swaps		1,054,027.30
Bank interests on cash accounts		161,020.95
Securities lending income	8	4,626.23
Interests received on repurchase agreements		8,390.58
Other income		559,826.10
Expenses		**20,393,203.51**
Management Company fees	3	10,855,644.69
Performance fees	4	1,633,676.10
Depositary and sub-depositary fees		274,713.36
Administration fees	5	548,596.47
Domiciliary fees		23,372.81
Distribution fees		30,793.75
Amortisation of formation expenses	2.11	38,026.83
Audit fees		80,406.16
Legal fees		205,314.83
Transaction fees	6	1,804,890.41
Directors fees		16,747.79
Subscription tax ("Taxe d'abonnement")	7	132,535.49
Interests paid on bank overdraft		399,062.84
Interests paid on swaps		4,264,963.77
Interests paid on reverse repurchase agreement		800.45
Banking fees		21,260.22
Other expenses	12	62,397.54
Net income / (loss) from investments		**23,208,682.94**
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	-25,585,523.93
- options	2.6	-1,076,545.00
- forward foreign exchange contracts	2.7	-10,403,565.78
- financial futures	2.8	11,404,929.71
- swaps	2.9	4,739,445.81
- foreign exchange	2.4	5,060,400.58
Net realised profit / (loss)		**7,347,824.33**
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	-84,187,904.16
- options	2.6	-2,254,300.00
- forward foreign exchange contracts	2.7	9,341,750.13
- financial futures	2.8	3,285,189.45
- swaps	2.9	3,794,537.21
Net increase / (decrease) in net assets as a result of operations		**-62,672,903.04**
Dividends distributed	10	-1,237,252.63
Subscriptions of capitalisation shares		445,734,929.87
Subscriptions of distribution shares		71,943,680.71
Redemptions of capitalisation shares		-276,807,053.73

Combined statement of operations and changes in net assets for the year ended 31/12/22

	Note	Expressed in EUR
Redemptions of distribution shares		-4,896,670.90
Net increase / (decrease) in net assets		**172,064,730.28**
Net assets at the beginning of the year		**817,721,266.27**
Net assets at the end of the year		**989,785,996.55**

AXIOM LUX - AXIOM SUSTAINABLE FINANCIAL BONDS

Statement of net assets as at 31/12/22

	Note	Expressed in EUR
Assets		**82,377,331.11**
Securities portfolio at market value	2.2	77,047,047.84
Cost price		*79,452,780.80*
Cash at banks and liquidities		2,863,350.54
Receivable on subscriptions		21,444.22
Net unrealised appreciation on forward foreign exchange contracts	2.7	1,293,178.70
Net unrealised appreciation on financial futures	2.8	219,752.23
Net unrealised appreciation on swaps	2.9	11,560.96
Dividends receivable, net		20,005.64
Interests receivable, net		899,784.85
Formation expenses, net	2.11	1,206.13
Liabilities		**1,544,780.98**
Bank overdrafts		1,480,992.11
Management Company fees payable	3	50,313.96
Depositary and sub-depositary fees payable		3,320.15
Administration fees payable	5	4,863.37
Interests payable, net		572.69
Other liabilities		4,718.70
Net asset value		**80,832,550.13**

The accompanying notes form an integral part of these financial statements.

Statement of operations and changes in net assets from 01/01/22 to 31/12/22

	Note	Expressed in EUR
Income		**2,711,434.46**
Dividends on securities portfolio, net		121,861.28
Interests on bonds, net		2,352,014.31
Interests received on swaps		220,976.17
Bank interests on cash accounts		15,002.32
Other income		1,580.38
Expenses		**444,747.67**
Management Company fees	3	331,208.77
Depositary and sub-depositary fees		14,398.37
Administration fees	5	19,534.28
Domiciliary fees		1,228.97
Distribution fees		1,493.07
Amortisation of formation expenses	2.11	824.14
Audit fees		1,662.37
Legal fees		8,601.65
Transaction fees	6	6,123.82
Directors fees		896.42
Subscription tax ("Taxe d'abonnement")	7	5,189.93
Interests paid on bank overdraft		16,002.45
Interests paid on swaps		33,546.09
Banking fees		1,424.27
Other expenses	12	2,613.07
Net income / (loss) from investments		**2,266,686.79**
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	-1,153,121.95
- forward foreign exchange contracts	2.7	-1,790,417.65
- financial futures	2.8	962,677.19
- swaps	2.9	712,345.87
- foreign exchange	2.4	403,960.72
Net realised profit / (loss)		**1,402,130.97**
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	-3,866,732.65
- forward foreign exchange contracts	2.7	1,575,232.94
- financial futures	2.8	199,313.87
- swaps	2.9	193,067.51
Net increase / (decrease) in net assets as a result of operations		**-496,987.36**
Subscriptions of capitalisation shares		24,919,886.39
Subscriptions of distribution shares		30,000,000.00
Redemptions of capitalisation shares		-6,424,080.61
Net increase / (decrease) in net assets		**47,998,818.42**
Net assets at the beginning of the year		**32,833,731.71**
Net assets at the end of the year		**80,832,550.13**

Statistics

		31/12/22	31/12/21	31/12/20
Total Net Assets	**EUR**	**80,832,550.13**	**32,833,731.71**	**33,903,706.68**
C - EUR - Capitalisation				
Number of shares		32,207.8240	17,491.0100	19,304.0000
Net asset value per share	EUR	1,300.28	1,401.04	1,345.54
R - EUR - Capitalisation				
Number of shares		47.4719	48.6901	41.6292
Net asset value per share	EUR	1,257.27	1,361.49	1,314.19
Z - EUR - Capitalisation				
Number of shares		5,309.6020	5,806.6020	5,806.6020
Net asset value per share	EUR	1,330.46	1,422.83	1,356.17
D - EUR - Distribution				
Number of shares		30,000.0000	-	-
Net asset value per share	EUR	1,060.98	-	-

Changes in number of shares outstanding from 01/01/22 to 31/12/22

	Shares outstanding as at 01/01/22	Shares issued	Shares redeemed	Shares outstanding as at 31/12/22
C - EUR - Capitalisation	17,491.0100	17,294.1980	2,577.3840	32,207.8240
R - EUR - Capitalisation	48.6901	0.0000	1.2182	47.4719
Z - EUR - Capitalisation	5,806.6020	1,900.0000	2,397.0000	5,309.6020
D - EUR - Distribution	0.0000	30,000.0000	0.0000	30,000.0000

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			**77,047,047.84**	**95.32**
Shares			**1,040,236.68**	**1.29**
United Kingdom			**487,968.44**	**0.60**
STANDARD CHARTERED 7.375 CON CUM PREF	GBP	100,000	115,525.50	0.14
STD CHART 8.25% CON-CUM IRR PFD REG SHS	GBP	300,000	372,442.94	0.46
United States of America			**552,268.24**	**0.68**
GENERAL ACCIDENT PLC 8.875 % S	GBP	400,000	552,268.24	0.68
Bonds			**18,443,994.00**	**22.82**
Belgium			**4,302,558.50**	**5.32**
BELGIUM 2.25 13-23 22/06A	EUR	4,300,000	4,302,558.50	5.32
Finland			**2,977,335.00**	**3.68**
NORDEA BK 0.875 18-23 26/06A	EUR	3,000,000	2,977,335.00	3.68
France			**143,723.00**	**0.18**
LA BANQUE POSTALE 3 21-XX 20/05S	EUR	200,000	143,723.00	0.18
Italy			**5,997,000.00**	**7.42**
ITALY 0.05 19-23 15/01S	EUR	6,000,000	5,997,000.00	7.42
Spain			**2,535,625.00**	**3.14**
SPAIN 4.40 13-23 31/10A	EUR	2,500,000	2,535,625.00	3.14
United Kingdom			**2,487,752.50**	**3.08**
AVIVA PLC 3.375 15-45 04/12A	EUR	500,000	470,762.50	0.58
AVIVA PLC 6.125 13-43 05/07A	EUR	2,000,000	2,016,990.00	2.50
Floating rate notes			**57,562,817.16**	**71.21**
Austria			**2,933,548.00**	**3.63**
ERSTE GROUP BK SUB FL.R 17-XX 15/04S	EUR	2,000,000	1,953,400.00	2.42
RAIFFEISEN BANK FL.R 20-XX 15/06S	EUR	1,200,000	980,148.00	1.21
Belgium			**3,127,086.00**	**3.87**
KBC GROUP NV FL.R 18-XX XX/XXS	EUR	3,600,000	3,127,086.00	3.87
Denmark			**2,140,424.46**	**2.65**
DANSKE BANK AS FL.R 18-XX 26/06S	USD	2,400,000	2,140,424.46	2.65
France			**13,490,247.40**	**16.69**
AXA SA FL.R 14-XX 07/11A	EUR	500,000	489,757.50	0.61
BNP PAR FL.R 15-XX 19/08S	USD	800,000	744,672.76	0.92
BNP PAR FL.R 22-99 31/12S	EUR	1,800,000	1,784,835.00	2.21
BNP PARIBAS FL.R 19-99 31/12S	USD	800,000	726,971.19	0.90
CNP ASSURANCES FL.R 05-XX 11/03A	EUR	140,000	136,764.60	0.17
CNP ASSURANCES FL.R 14-XX 18/11A	EUR	2,000,000	1,972,690.00	2.44
CREDIT AGRICOLE SA FL.R 19-XX 23/03S	USD	400,000	360,698.99	0.45
CREDIT AGRICOLE SA REGS FL.R 14-XX 23/01Q	USD	800,000	745,276.18	0.92
CREDIT AGRI REGS SUB FL.R 16-66 23/12Q	USD	600,000	571,024.59	0.71
LA BANQUE POSTALE FL.R 19-XX 20/05S	EUR	1,800,000	1,562,139.00	1.93
LA BANQUE POSTALE FL.R 20-26 17/06A	EUR	1,500,000	1,368,172.50	1.69
SCOR SE FL.R 14-XX 01/10A	EUR	500,000	480,547.50	0.59
SOCIETE GENERALE FL.R 15-XX 29/09S	USD	1,600,000	1,510,056.69	1.87
SOCIETE GENERALE FL.R 18-99 06/04S	USD	400,000	337,396.11	0.42
SOCIETE GENERALE FL.R 20-99 31/12S	USD	200,000	152,844.22	0.19
SOCIETE GENERALE REGS FL.R 18-XX 04/04S	USD	400,000	360,303.59	0.45
SOCIETE GENERAL REGS FL.R 13-XX 18/12S	USD	200,000	186,096.98	0.23

The accompanying notes form an integral part of these financial statements.

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Germany			**475,744.21**	**0.59**
ALLIANZ SE FL.R 20-XX 30/04A	USD	600,000	475,744.21	0.59
Ireland			**1,947,498.00**	**2.41**
AIB GROUP PLC FL.R 20-31 30/09A	EUR	800,000	717,328.00	0.89
AIB GROUP PLC FL.R 20-49 31/12S	EUR	1,000,000	937,835.00	1.16
BANK OF IRELAND GRP FL.R 20-XX XX/XXA	EUR	300,000	292,335.00	0.36
Italy			**5,278,034.00**	**6.53**
ASSICURAZIONI GENERALI FL.R 15-47 27/10A	EUR	800,000	808,440.00	1.00
INTESA SAN PAOLO FL.R 17-XX 11/07S	EUR	1,400,000	1,356,740.00	1.68
INTESA SAN PAOLO FL.R 17-XX 16/05S	EUR	500,000	483,115.00	0.60
INTESA SANPAOLO FL.R 22-XX 30/09S	EUR	600,000	516,468.00	0.64
UNICREDIT SPA FL.R 17-49 03/12S	EUR	800,000	775,472.00	0.96
UNICREDIT SPA FL.R 19-49 19/03S	EUR	1,000,000	974,575.00	1.21
UNIPOLSAI SPA FLR 20-99 31/12S	EUR	400,000	363,224.00	0.45
Luxembourg			**652,536.89**	**0.81**
SWISS RE FINANCE LUX FL.R 19-XX 04/09A	USD	800,000	652,536.89	0.81
Netherlands			**5,526,862.93**	**6.84**
ABN AMRO BANK FL.R 17-49 01/12S	EUR	2,000,000	1,702,010.00	2.11
ASR NEDERLAND FL.R 17-XX 19/10S	EUR	400,000	337,574.00	0.42
COOPERATIVE RABOBANK FL.R 18-XX XX/XXS	EUR	800,000	741,060.00	0.92
ELM BV FL.R 15-XX 01/09A	EUR	500,000	464,465.00	0.57
ING GROEP NV FL.R 19-XX 16/04S	USD	200,000	180,864.84	0.22
ING GROUP CV SUB FL.R 15-XX 16/10S	USD	1,200,000	1,067,260.72	1.32
ING GROUP NV FL.R 19-XX 16/11S	USD	200,000	167,094.87	0.21
RABOBANK STACK FL.R 13-XX 29/03Q	EUR	900,000	866,533.50	1.07
Norway			**410,482.50**	**0.51**
DNB BANK ASA FL.R 21-29 23/02A	EUR	500,000	410,482.50	0.51
Spain			**11,669,476.01**	**14.44**
BANCO BILBAO VI FL.R 18-XX 24/03Q	EUR	200,000	192,643.00	0.24
BANCO DE SABADE FL.R 22-26 08/09A	EUR	1,000,000	993,420.00	1.23
BANCO DE SABADELL FL.R 17-XX 23/11Q	EUR	400,000	390,308.00	0.48
BANCO SANTANDER SA FL.R 17-XX 15/03Q	EUR	1,000,000	884,965.00	1.09
BANCO SANTANDER SA FL.R 18-XX 19/06Q	EUR	400,000	351,234.00	0.43
BANKINTER SA FL.R 20-XX 17/10Q	EUR	2,800,000	2,761,738.00	3.42
BBVA FL.R 20-XX 15/10Q	EUR	3,000,000	2,864,865.00	3.54
BBVA SUB FL.R 17-XX 16/11Q	USD	200,000	160,089.01	0.20
CAIXABANK SA FL.R 18-XX 19/03Q	EUR	400,000	390,286.00	0.48
CAIXABANK SA FL.R 20-49 31/12Q	EUR	2,400,000	2,202,420.00	2.72
CAIXABANK SA FL.R 21-XX 14/12Q	EUR	400,000	281,752.00	0.35
CAIXABANK SUB FL.R 17-XX 13/06A	EUR	200,000	195,756.00	0.24
Sweden			**4,691,390.02**	**5.80**
SKANDINAVISKA ENSKILDA FL.R 19-XX 13/05S	USD	800,000	700,574.38	0.87
SKANDINAVISKA ENSKILDA FL.R 22-XX 30/12S	USD	400,000	360,382.29	0.45
SVENSKA HANDELSBANKEN FL.R 19-XX 01/03A	USD	2,000,000	1,830,536.42	2.26
SWEDBANK AB FL.R 19-XX 17/03S	USD	2,000,000	1,799,896.93	2.23
United Kingdom			**5,219,486.74**	**6.46**
AVIVA PLC FL.R 22-XX 15/12S	GBP	1,000,000	1,027,579.60	1.27
BANCO SANTANDER SA FL.R 21-XX 21/03Q	EUR	1,200,000	834,306.00	1.03
BARCLAYS FL.R 19-99 27/03Q	USD	400,000	365,462.64	0.45
BARCLAYS PLC FL.R 19-XX 15/03Q	GBP	500,000	518,433.36	0.64
BARCLAYS PLC FL.R 20-XX 15/03Q	USD	200,000	171,538.07	0.21
BARCLAYS PLC FL.R 22-XX 15/03Q	GBP	400,000	445,486.61	0.55
NATWEST GROUP PLC FL.R 20-XX 30/03Q	USD	300,000	260,730.85	0.32

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
NATWEST GROUP PLC FL.R 21-99 31/12Q	GBP	400,000	346,587.77	0.43
ROYAL BK SCOTLND G FL.R 15-49 30/09Q	USD	800,000	738,998.36	0.91
VIRGIN MONEY UK PLC FL.R 22-XX 08/06S	GBP	500,000	510,363.48	0.63
Total securities portfolio			**77,047,047.84**	**95.32**

AXIOM LUX - AXIOM EUROPEAN BANKS EQUITY

Statement of net assets as at 31/12/22

	Note	Expressed in EUR
Assets		**130,860,507.94**
Securities portfolio at market value	2.2	115,840,228.85
Cost price		*109,048,207.69*
Options (long positions) at market value	2.6	1,785,000.00
Options purchased at cost		*4,152,000.00*
Cash at banks and liquidities		10,796,949.32
Receivable for investments sold		11,355.87
Receivable on subscriptions		920,651.17
Net unrealised appreciation on forward foreign exchange contracts	2.7	320,511.23
Net unrealised appreciation on financial futures	2.8	1,148,675.66
Interests receivable, net		380.08
Formation expenses, net	2.11	557.27
Other assets		36,198.49
Liabilities		**9,785,524.34**
Bank overdrafts		5,925,902.63
Payable on investments purchased		2,219,639.03
Payable on redemptions		107,705.62
Management Company fees payable	3	188,252.79
Depositary and sub-depositary fees payable		4,729.72
Administration fees payable	5	14,529.40
Performance fees payable	4	1,305,553.47
Interests payable, net		419.08
Other liabilities		18,792.60
Net asset value		**121,074,983.60**

Statement of operations and changes in net assets from 01/01/22 to 31/12/22

	Note	Expressed in EUR
Income		**4,359,877.17**
Dividends on securities portfolio, net		4,313,947.59
Bank interests on cash accounts		16,685.64
Securities lending income	8	2,736.12
Other income		26,507.82
Expenses		**5,251,297.94**
Management Company fees	3	2,023,175.84
Performance fees	4	1,139,866.15
Depositary and sub-depositary fees		43,505.71
Administration fees	5	117,982.44
Domiciliary fees		2,752.67
Distribution fees		3,519.62
Amortisation of formation expenses	2.11	201.42
Audit fees		9,910.52
Legal fees		26,031.22
Transaction fees	6	1,687,384.31
Directors fees		1,955.32
Subscription tax ("Taxe d'abonnement")	7	30,788.37
Interests paid on bank overdraft		149,212.46
Banking fees		1,081.95
Other expenses	12	13,929.94
Net income / (loss) from investments		**-891,420.77**
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	-5,606,366.02
- options	2.6	-1,076,545.00
- forward foreign exchange contracts	2.7	307,225.26
- financial futures	2.8	-1,337,519.94
- foreign exchange	2.4	-285,694.32
Net realised profit / (loss)		**-8,890,320.79**
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	2,610,793.12
- options	2.6	-2,254,300.00
- forward foreign exchange contracts	2.7	447,158.77
- financial futures	2.8	904,930.54
Net increase / (decrease) in net assets as a result of operations		**-7,181,738.36**
Subscriptions of capitalisation shares		149,095,535.71
Redemptions of capitalisation shares		-83,965,217.70
Redemptions of distribution shares		-359,964.40
Net increase / (decrease) in net assets		**57,588,615.25**
Net assets at the beginning of the year		**63,486,368.35**
Net assets at the end of the year		**121,074,983.60**

The accompanying notes form an integral part of these financial statements.

Statistics

		31/12/22	31/12/21	31/12/20
Total Net Assets	**EUR**	**121,074,983.60**	**63,486,368.35**	**20,563,082.76**
BC - USD - Capitalisation				
Number of shares		164.9090	56.2500	-
Net asset value per share	USD	1,068.68	1,007.25	-
C - EUR - Capitalisation				
Number of shares		15,381.9581	15,530.6948	9,403.6774
Net asset value per share	EUR	1,283.91	1,258.40	802.33
E - GBP - Capitalisation				
Number of shares		27.4903	23.4903	-
Net asset value per share	GBP	1,266.46	1,199.01	-
I - EUR - Capitalisation				
Number of shares		27,446.5139	12,987.2453	-
Net asset value per share	EUR	1,281.59	1,252.40	-
IB - USD - Capitalisation				
Number of shares		128.0000	-	-
Net asset value per share	USD	1,249.94	-	-
IE - GBP - Capitalisation				
Number of shares		199.4903	8.4903	-
Net asset value per share	GBP	1,268.91	1,201.85	-
J - EUR - Capitalisation				
Number of shares		6,359.1672	2,595.9467	-
Net asset value per share	EUR	1,334.90	1,304.00	-
M - CHF - Capitalisation				
Number of shares		-	100.0000	-
Net asset value per share	CHF	-	1,094.25	-
R - EUR - Capitalisation				
Number of shares		44,710.0493	18,698.9564	12,567.0881
Net asset value per share	EUR	1,272.18	1,263.43	809.08
Z - EUR - Capitalisation				
Number of shares		61.0000	-	1,920.0000
Net asset value per share	EUR	2,346.15	-	1,484.66
D - EUR - Distribution				
Number of shares		-	463.0000	-
Net asset value per share	EUR	-	1,006.87	-

Changes in number of shares outstanding from 01/01/22 to 31/12/22

	Shares outstanding as at 01/01/22	Shares issued	Shares redeemed	Shares outstanding as at 31/12/22
BC - USD - Capitalisation	56.2500	108.6590	0.0000	164.9090
C - EUR - Capitalisation	15,530.6948	11,788.7648	11,937.5015	15,381.9581
E - GBP - Capitalisation	23.4903	19.0000	15.0000	27.4903
I - EUR - Capitalisation	12,987.2453	40,637.3673	26,178.0987	27,446.5139
IB - USD - Capitalisation	0.0000	221.0000	93.0000	128.0000
IE - GBP - Capitalisation	8.4903	191.0000	0.0000	199.4903
J - EUR - Capitalisation	2,595.9467	7,894.7658	4,131.5453	6,359.1672
M - CHF - Capitalisation	100.0000	1.6500	101.6500	0.0000
R - EUR - Capitalisation	18,698.9564	56,555.4023	30,544.3094	44,710.0493
Z - EUR - Capitalisation	0.0000	2,593.5581	2,532.5581	61.0000
D - EUR - Distribution	463.0000	0.0000	463.0000	0.0000

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			**115,840,228.85**	**95.68**
Shares			**115,840,228.85**	**95.68**
Austria			**5,318,761.50**	**4.39**
ERSTE GROUP BANK AG	EUR	177,885	5,318,761.50	4.39
Belgium			**5,363,161.36**	**4.43**
KBC GROUPE SA	EUR	89,267	5,363,161.36	4.43
Denmark			**5,390,249.80**	**4.45**
DANSKE BANK	DKK	291,947	5,390,249.80	4.45
France			**16,366,172.39**	**13.52**
AMUNDI SA	EUR	69,143	3,664,579.00	3.03
CREDIT AGRICOLE SA	EUR	547,374	5,381,233.79	4.44
SOCIETE GENERALE SA	EUR	311,770	7,320,359.60	6.05
Germany			**12,201,878.24**	**10.08**
COMMERZBK	EUR	577,649	5,104,106.56	4.22
DEUTSCHE BANK AG REG SHS	EUR	670,360	7,097,771.68	5.86
Ireland			**3,632,561.28**	**3.00**
AIB GRP - REGISTERED	EUR	1,004,580	3,632,561.28	3.00
Italy			**16,116,150.60**	**13.31**
BPER BANCA SPA	EUR	2,803,641	5,378,785.26	4.44
INTESA SANPAOLO	EUR	2,579,564	5,360,333.99	4.43
UNICREDIT SPA REGS	EUR	405,141	5,377,031.35	4.44
Netherlands			**5,630,798.63**	**4.65**
ABN AMRO GROUP DEP RECEIPT	EUR	20,599	266,242.08	0.22
ING GROUP NV	EUR	471,071	5,364,556.55	4.43
Russia			**42,445.54**	**0.04**
SBERBANK ADR 4 SHS	USD	1,000,000	42,445.54	0.04
Spain			**23,515,006.67**	**19.42**
BANCO BILBAO VIZCAYA ARGENTARIA SA	EUR	1,298,816	7,317,529.34	6.04
BANCO SANTANDER SA REG SHS	EUR	1,926,031	5,397,701.88	4.46
CAIXABANK SA	EUR	1,472,275	5,406,193.80	4.47
UNICAJA BANCO	EUR	5,231,408	5,393,581.65	4.45
Sweden			**5,350,768.19**	**4.42**
SWEDBANK -A-	SEK	335,600	5,350,768.19	4.42
United Kingdom			**16,912,274.65**	**13.97**
BARCLAYS PLC	GBP	1,972,774	3,524,645.07	2.91
HSBC HOLDINGS PLC	GBP	509,626	2,962,120.35	2.45
LLOYDS BANKING GROUP PLC	GBP	13,522,129	6,920,708.68	5.72
VIRGIN MONEY UK PLC	GBP	1,707,652	3,504,800.55	2.89
Total securities portfolio			**115,840,228.85**	**95.68**

AXIOM LUX - AXIOM SHORT DURATION BOND FUND

Statement of net assets as at 31/12/22

	Note	Expressed in EUR
Assets		**471,392,499.16**
Securities portfolio at market value	2.2	443,396,204.62
Cost price		*467,853,132.02*
Cash at banks and liquidities		14,870,651.20
Receivable on subscriptions		911,965.20
Net unrealised appreciation on forward foreign exchange contracts	2.7	3,854,791.11
Net unrealised appreciation on financial futures	2.8	2,631,104.90
Dividends receivable, net		137,038.60
Interests receivable, net		5,579,379.86
Formation expenses, net	2.11	11,363.67
Liabilities		**7,059,943.24**
Bank overdrafts		4,905,945.37
Payable on redemptions		756,541.40
Net unrealised depreciation on swaps	2.9	898,676.65
Management Company fees payable	3	393,437.20
Depositary and sub-depositary fees payable		14,883.88
Administration fees payable	5	20,450.70
Interests payable, net		16,659.49
Other liabilities		53,348.55
Net asset value		**464,332,555.92**

Statement of operations and changes in net assets from 01/01/22 to 31/12/22

	Note	Expressed in EUR
Income		**17,898,576.33**
Dividends on securities portfolio, net		2,594,089.12
Interests on bonds and money market instruments, net		14,616,922.48
Interests received on swaps		341,678.53
Bank interests on cash accounts		90,652.99
Securities lending income	8	1,890.11
Other income		253,343.10
Expenses		**6,576,631.57**
Management Company fees	3	4,312,154.39
Depositary and sub-depositary fees		122,754.70
Administration fees	5	206,320.23
Domiciliary fees		10,957.59
Distribution fees		14,871.78
Amortisation of formation expenses	2.11	7,602.29
Audit fees		39,443.61
Legal fees		94,920.63
Transaction fees	6	93,875.80
Directors fees		8,059.28
Subscription tax ("Taxe d'abonnement")	7	54,591.77
Interests paid on bank overdraft		173,338.20
Interests paid on swaps		1,406,230.14
Banking fees		7,026.00
Other expenses	12	24,485.16
Net income / (loss) from investments		**11,321,944.76**
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	-9,617,600.35
- forward foreign exchange contracts	2.7	-6,666,706.77
- financial futures	2.8	11,422,061.27
- swaps	2.9	1,059,535.77
- foreign exchange	2.4	1,385,167.21
Net realised profit / (loss)		**8,904,401.89**
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	-32,876,635.50
- forward foreign exchange contracts	2.7	5,119,018.23
- financial futures	2.8	2,202,319.86
- swaps	2.9	2,313,216.37
Net increase / (decrease) in net assets as a result of operations		**-14,337,679.15**
Dividends distributed	10	-811,358.25
Subscriptions of capitalisation shares		165,610,467.17
Subscriptions of distribution shares		24,809,000.53
Redemptions of capitalisation shares		-84,637,874.22
Redemptions of distribution shares		-4,025,630.79
Net increase / (decrease) in net assets		**86,606,925.29**
Net assets at the beginning of the year		**377,725,630.63**
Net assets at the end of the year		**464,332,555.92**

Statistics

		31/12/22	31/12/21	31/12/20
Total Net Assets	**EUR**	**464,332,555.92**	**377,725,630.63**	**300,651,434.75**
B - USD - Capitalisation				
Number of shares		13,733.2841	15,012.8269	13,530.5103
Net asset value per share	USD	1,230.94	1,252.56	1,217.99
C - EUR - Capitalisation				
Number of shares		177,924.9625	138,029.9301	94,052.5994
Net asset value per share	EUR	1,142.12	1,184.91	1,162.48
CHF - Capitalisation				
Number of shares		9,203.8146	9,462.0613	8,566.4148
Net asset value per share	CHF	1,036.36	1,078.91	1,061.03
E - GBP - Capitalisation				
Number of shares		8.4903	8.4903	-
Net asset value per share	GBP	986.99	1,003.30	-
H - EUR - Capitalisation				
Number of shares		130,890.1595	110,888.7921	109,010.6789
Net asset value per share	EUR	1,023.67	1,060.96	1,039.81
IE - GBP - Capitalisation				
Number of shares		8.4903	8.4903	-
Net asset value per share	GBP	988.48	1,003.80	-
R - EUR - Capitalisation				
Number of shares		30,768.5551	22,359.3759	13,771.0204
Net asset value per share	EUR	1,030.70	1,075.10	1,060.47
R - USD - Capitalisation				
Number of shares		1,309.3930	310.0000	80.0000
Net asset value per share	USD	1,122.76	1,148.86	1,123.60
Z - EUR - Capitalisation				
Number of shares		4,169.6571	54.0000	54.0000
Net asset value per share	EUR	1,126.44	1,157.61	1,124.94
D - EUR - Distribution				
Number of shares		71,021.4392	48,248.3454	43,560.4511
Net asset value per share	EUR	898.68	947.23	949.40
Dividend per share		14.28	20.53	38.25

Changes in number of shares outstanding from 01/01/22 to 31/12/22

	Shares outstanding as at 01/01/22	Shares issued	Shares redeemed	Shares outstanding as at 31/12/22
B - USD - Capitalisation	15,012.8269	2,670.3639	3,949.9067	13,733.2841
C - EUR - Capitalisation	138,029.9301	100,184.2152	60,289.1828	177,924.9625
CHF - Capitalisation	9,462.0613	597.6521	855.8988	9,203.8146
E - GBP - Capitalisation	8.4903	0.0000	0.0000	8.4903
H - EUR - Capitalisation	110,888.7921	22,943.3674	2,942.0000	130,890.1595
IE - GBP - Capitalisation	8.4903	0.0000	0.0000	8.4903
R - EUR - Capitalisation	22,359.3759	15,216.3183	6,807.1391	30,768.5551
R - USD - Capitalisation	310.0000	999.3930	0.0000	1,309.3930
Z - EUR - Capitalisation	54.0000	4,250.6571	135.0000	4,169.6571
D - EUR - Distribution	48,248.3454	27,173.0938	4,400.0000	71,021.4392

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			**371,355,370.28**	**79.98**
Shares			**21,792,134.30**	**4.69**
United Kingdom			**14,134,360.93**	**3.04**
AVIVA 8.375 CUM IRRED PREF SHS	GBP	895,000	1,215,525.50	0.26
GENERAL ACCIDENT 7.875 PREF SHS	GBP	830,000	1,071,118.62	0.23
LLOYDS BANKING GROUP PREF	GBP	104,032	160,225.11	0.03
NATIONAL WESTMINSTER BK 9 NON CUM PRF-A-	GBP	2,450,500	3,724,428.57	0.80
RSA INSURANCE GROUP LIMITED	GBP	810,000	944,885.88	0.20
SANTANDER UK 10.375 PREF SHS	GBP	2,003,500	3,091,340.10	0.67
STANDARD CHARTERED 7.375 CON CUM PREF	GBP	1,125,000	1,299,661.88	0.28
STD CHART 8.25% CON-CUM IRR PFD REG SHS	GBP	2,116,170	2,627,175.27	0.57
United States of America			**7,657,773.37**	**1.65**
AEGON FUNDING 5.10 19-49 15/12Q	USD	77,716	1,387,928.75	0.30
CITIGROUP CAP XIII 7.875 10-40 30/10Q	USD	60,000	1,596,626.84	0.34
GENERAL ACCIDENT PLC 8.875 % S	GBP	2,740,000	3,783,037.48	0.81
UNUMPROVIDENT 6.25 18-58 15/06Q	USD	39,701	890,180.30	0.19
Bonds			**134,545,271.24**	**28.98**
Austria			**1,815,156.00**	**0.39**
RAIFFEISEN LB NIEDER 5.875 13-23 27/11A	EUR	1,800,000	1,815,156.00	0.39
Belgium			**24,299,202.50**	**5.23**
BELGIUM 2.25 13-23 22/06A	EUR	20,000,000	20,011,900.00	4.31
CRELAN SA/NV 5.3750 22-25 31/10A	EUR	4,000,000	3,957,360.00	0.85
VGP SA 1.5 21-29 08/04A	EUR	500,000	329,942.50	0.07
Bermuda			**2,592,426.80**	**0.56**
LANCASHIRE HOLD 5.625 21-41 18/09S	USD	3,500,000	2,592,426.80	0.56
British Virgin Islands			**669,920.50**	**0.14**
FORTUNE STAR BVI LTD 3.95 21-26 02/10S	EUR	1,130,000	669,920.50	0.14
Denmark			**2,986,245.00**	**0.64**
SYDBANK A/S 4.75 22-25 30/09A	EUR	3,000,000	2,986,245.00	0.64
Estonia			**132,700.20**	**0.03**
AKTSIASELTS LUMINOR B 5.0 22-24 29/08A	EUR	134,000	132,700.20	0.03
France			**11,765,626.72**	**2.53**
ABEILLE VIE 6.25 22-33 09/09A	EUR	3,000,000	2,863,935.00	0.62
AXA SA 4.50 16-XX 15/03S	USD	2,400,000	1,827,879.13	0.39
KORIAN SA 4.125 21-XX 15/06A	GBP	1,000,000	860,490.28	0.19
LA POSTE 5.3 16-43 01/12S	USD	4,800,000	4,500,463.81	0.97
PROMTONTORIA MM 5.2500 21-41 15/10A	EUR	1,600,000	1,335,816.00	0.29
TIKEHAU CAPITAL SCA 1.625 21-29 31/03A	EUR	500,000	377,042.50	0.08
Germany			**12,017,766.62**	**2.59**
ALLIANZ SE 3.875 16-XX 07/09S	USD	7,000,000	4,495,938.15	0.97
DEUT PFANDBRIEF 4.60 17-27 22/02A	EUR	3,000,000	2,508,855.00	0.54
LB BADEN-WUERTT REGS 3.625 15-25 16/06A	EUR	1,000,000	967,880.00	0.21
NORDDEUTSCHE LBK 6.250 14-24 10/04Q	USD	4,400,000	4,045,093.47	0.87
Greece			**991,923.64**	**0.21**
BLACK SEA TRADE 0.45 19-23 13/06A	CHF	1,000,000	991,923.64	0.21
Iceland			**6,048,315.00**	**1.30**
ARION BANKI HF 4.8750 22-24 21/12A	EUR	5,000,000	4,814,350.00	1.04
ISLAND SBANKI HF 0.75 22-25 25/03A	EUR	500,000	430,880.00	0.09
LANDSBANKINN HF 0.7500 21-26 25/05A	EUR	1,000,000	803,085.00	0.17

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Ireland			**10,842,401.35**	**2.34**
ARYZTA-DY- 4.50 14-XX 21/11A	EUR	2,000,000	1,872,300.00	0.40
BANK OF IRELAND 13.375 91-XX XX/XXS	GBP	911,000	1,727,537.33	0.37
BEAZLEY INSUR DAC 5.5000 19-29 10/09S	USD	500,000	419,665.02	0.09
FCA BANK SPA 0.25 20-23 29/01A	EUR	1,900,000	1,894,138.50	0.41
GRENKE FINANCE PLC 3.95 20-25 09/07A	EUR	1,300,000	1,214,895.50	0.26
GRENKE FINANCE PLC 4.125 22-24 14/10A	EUR	2,500,000	2,417,925.00	0.52
PERMANENT TSB GROUP 2.125 19-24 26/09A	EUR	500,000	479,255.00	0.10
PERMANENT TSB GROUP 3 21-31 19/05A	EUR	1,000,000	816,685.00	0.18
Italy			**24,987,500.00**	**5.38**
ITALY 0.05 19-23 15/01S	EUR	25,000,000	24,987,500.00	5.38
Japan			**1,110,802.50**	**0.24**
SOFTBANK GROUP CORP. 3.375 21-29 06/07S	EUR	1,500,000	1,110,802.50	0.24
Luxembourg			**2,612,755.00**	**0.56**
HLD EUROPE 3.85 20-26 23/09A	EUR	1,000,000	940,000.00	0.20
HLD EUROPE 3.85 21-27 16/07A	EUR	1,000,000	920,000.00	0.20
VIVION INVESTS 3.5 19-25 01/11A	EUR	1,000,000	752,755.00	0.16
Netherlands			**5,457,312.50**	**1.18**
ABERTIS FINANCE BV 2.625 21-49 31/12A	EUR	1,500,000	1,162,612.50	0.25
CTP NV 1.5000 21-31 27/09A	EUR	500,000	299,387.50	0.06
NIB CAPITAL BANK 0.00 03-43 10/02U	EUR	630,000	2,050,650.00	0.44
NIBC BANK NV 0.25 21-26 09/09A	EUR	500,000	420,917.50	0.09
PROSUS NV 2.031 20-32 03/08A	EUR	500,000	355,252.50	0.08
TEVA PHARMACEUTICAL 3.75 21-27 09/05S	EUR	500,000	433,982.50	0.09
WINTERSHALL DEA FINA 3.5 21-99 31/12A	EUR	1,000,000	734,510.00	0.16
Spain			**13,552,055.00**	**2.92**
BANCO DE SABADELL SA 2.5 21-31 15/01A	EUR	1,000,000	873,930.00	0.19
SPAIN 4.40 13-23 31/10A	EUR	12,500,000	12,678,125.00	2.73
Sweden			**349,665.00**	**0.08**
SAMHALL NORD 1 20-27 12/08A	EUR	500,000	349,665.00	0.08
Switzerland			**3,070,365.00**	**0.66**
RAIFFEISEN SCHWEIZ 5.23 22-27 01/11A	EUR	3,000,000	3,070,365.00	0.66
United Kingdom			**6,133,922.39**	**1.32**
AVIVA PLC 0.625 16-23 27/10A	EUR	1,000,000	978,595.00	0.21
ESURE GROUP PLC 6.75 14-24 19/12S	GBP	1,000,000	1,039,639.34	0.22
INTERMEDIATE CA 5.0000 15-23 24/03S	GBP	540,000	612,876.42	0.13
PENSION INSURANCE SUB 6.50 14-24 03/07A	GBP	100,000	112,082.28	0.02
PRUDENTIAL PLC 4.875 17-XX 20/01Q	USD	2,067,000	1,615,939.82	0.35
UTMOST GROUP 4.0000 21-31 15/12S	GBP	1,307,000	1,096,996.14	0.24
VODAFONE GROUP 5.1250 21-81 04/06S	USD	1,000,000	677,793.39	0.15
United States of America			**3,109,209.52**	**0.67**
BLACKSTONE PRIV 4.8750 22-26 14/04A	GBP	1,000,000	1,014,133.56	0.22
DRESDNER FUNDING TR 8.151 99-31 30/06S	USD	500,000	483,565.23	0.10
EDISON INTERNAT 5.3750 21-XX XX/XXS	USD	1,000,000	782,665.73	0.17
PERSHING SQUARE 1.3750 21-27 01/10A	EUR	1,000,000	828,845.00	0.18
Floating rate notes			**212,456,116.95**	**45.76**
Australia			**914,237.52**	**0.20**
QBE INSURANCE GROUP FL.R 14-44 02/12S	USD	1,000,000	914,237.52	0.20
Austria			**9,097,593.00**	**1.96**
LENZING AG FL.R 20-XX 07/12A	EUR	2,000,000	1,717,000.00	0.37
RAIF BA FL.R 22-32 20/12A	EUR	2,000,000	1,985,170.00	0.43

The accompanying notes form an integral part of these financial statements.

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
UNIQA INSURANCE GROUP FL.R 13-43 31/07A	EUR	1,700,000	1,704,403.00	0.37
VIENNA INSURANCE GRP FL.R 22-42 15/06A	EUR	2,000,000	1,796,010.00	0.39
VOLKSBANK WIEN AG FL.R 17-27 06/10A	EUR	2,000,000	1,895,010.00	0.41
Czech Republic			**2,051,000.00**	**0.44**
CESKA SPORITELNA AS FL.R 22-25 14/11A	EUR	2,000,000	2,051,000.00	0.44
Denmark			**8,334,709.50**	**1.79**
DANSKE BANK FL.R 19-29 21/06A	EUR	1,000,000	959,675.00	0.21
JYSKE BANK A/S FL.R 19-24 20/06A	EUR	1,100,000	1,084,649.50	0.23
JYSKE BANK DNK FL.R 22-26 11/04A	EUR	3,000,000	2,975,385.00	0.64
SAXO BANK AS FL.R 19-29 03/07A	EUR	3,400,000	3,315,000.00	0.71
Finland			**1,818,304.38**	**0.39**
CITYCON OYJ FL.R 19-XX 22/02A	EUR	1,500,000	905,730.00	0.20
NORDEA BK 11 REGS FL.R 14-XX 23/09S	USD	1,000,000	912,574.38	0.20
France			**26,582,468.70**	**5.72**
AXA S.A FL.R 3.875 14-XX 08/10A	EUR	1,000,000	969,205.00	0.21
AXA SA FL.R 04-XX 29/12A	EUR	611,000	560,406.14	0.12
AXA SA FL.R 05-49 29/01A	EUR	3,317,000	3,055,487.72	0.66
AXA SA FL.R 14-XX 07/11A	EUR	500,000	489,757.50	0.11
BNP PARIBAS CARDIF FL.R 14-XX 25/11A	EUR	500,000	482,107.50	0.10
CA ASSURANCES SA FL.R 14-XX 14/10AA	EUR	500,000	488,407.50	0.11
CNP ASSURANCES FL.R 05-XX 11/03A	EUR	454,000	435,840.00	0.09
CNP ASSURANCES FL.R 05-XX 11/03A	EUR	8,285,000	8,093,533.65	1.74
CNP ASSURANCES FL.R 14-XX 18/11A	EUR	1,000,000	986,345.00	0.21
CREDIT AGRICOLE FL.R 15-XX 13/01A	EUR	900,000	877,329.00	0.19
EDF FL.R 22-XX 06/12A	EUR	200,000	199,698.00	0.04
GROUPAMA SA FL.R 14-XX 28/05A	EUR	2,000,000	2,035,760.00	0.44
LA MONDIALE FL.R 14-XX 17/12A	EUR	1,500,000	1,488,202.50	0.32
LA MONDIAL PERPETUAL FL.R 13-44 25/04A	EUR	500,000	514,310.00	0.11
MACIF FL.R 14-49 06/11A	EUR	1,200,000	1,167,546.00	0.25
SCOR SE FL.R 14-XX 01/10A	EUR	1,000,000	961,095.00	0.21
SOCIETE GENERALE FL.R 15-XX 29/09S	USD	1,600,000	1,510,056.69	0.33
SOGECAP SA FL.R 14-XX 18/02A14-49 29/12A	EUR	1,000,000	959,445.00	0.21
SOLVAY FINANCE FL.R 15-XX 03/06A	EUR	1,300,000	1,307,936.50	0.28
Germany			**26,984,991.50**	**5.81**
AAREAL BANK AG FL.R 14-XX 30/04A	EUR	3,600,000	3,196,728.00	0.69
ALLIANZ SE FL.R 13-XX 24/10A	EUR	6,000,000	5,967,120.00	1.29
BAYER AG FL.R 22-82 25/03A	EUR	2,000,000	1,759,390.00	0.38
CMZB FRANCFORT FL.R 22-32 06/12A	EUR	1,500,000	1,476,060.00	0.32
COMMERZBANK AG FL.R 20-30 05/12A	EUR	3,500,000	3,294,795.00	0.71
DEUTSCHE BANK AG FL.R 20-31 19/05A	EUR	1,500,000	1,462,462.50	0.31
DEUTSCHE BANK AG FL.R 22-32 24/06A	EUR	1,000,000	885,180.00	0.19
DEUTSCHE BK FL.R 22-30 05/09A	EUR	1,500,000	1,449,300.00	0.31
GOTHAER ALLGEM VERS FL.R 15-45 30/10A	EUR	500,000	510,797.50	0.11
HBV REAL ESTATE BK FL.R 17-27 28/06A/06	EUR	500,000	430,642.50	0.09
IKB DEUTSCHE INDUSTR FL.R 18-28 31/01A	EUR	3,200,000	2,757,936.00	0.59
LANDESBANK HESSENT FL.R 22-32 15/09A	EUR	4,000,000	3,794,580.00	0.82
Hungary			**7,539,462.47**	**1.62**
ERSTE BANK HUNGARY ZRT FL.R 22-26 04/02A	EUR	1,000,000	888,645.00	0.19
OTP BANK FL.R 22-26 04/03A	EUR	2,000,000	1,989,720.00	0.43
OTP BANK NYRT FL.R 19-29 15/07A	EUR	2,000,000	1,821,200.00	0.39
OTP BANK REGS SUB FL.R 06-XX 07/11Q	EUR	1,582,000	1,297,769.97	0.28
RAIFFEISEN BANK BUDA FL.R 22-25 22/11A	EUR	1,500,000	1,542,127.50	0.33
Iceland			**525,217.51**	**0.11**
ISLANDSBANKI HF. FL.R 19-29 26/06Q	SEK	6,000,000	525,217.51	0.11

The accompanying notes form an integral part of these financial statements.

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Ireland			**5,109,839.00**	**1.10**
AIB GROUP PLC FL.R 20-31 30/09A	EUR	2,000,000	1,793,320.00	0.39
AIB GROUP PLC FL.R 22-29 16/02A	EUR	1,300,000	1,329,809.00	0.29
BK IRELAND FL.R 22-33 01/03A	EUR	2,000,000	1,986,710.00	0.43
Italy			**18,565,264.61**	**4.00**
ASSICURAZ GENERALI FL.R 14-XX 21/11A	EUR	1,000,000	975,080.00	0.21
ATHORA ITALIA FL.R 21-31 16/08A	EUR	3,687,000	3,705,435.00	0.80
BANCA IFIS SPA FL.R 17-27 17/10A	EUR	1,934,000	1,839,301.69	0.40
CREDITO EMILIANO FL.R 22-32 05/10A	EUR	800,000	833,400.00	0.18
ENI SPA FL.R 20-XX 13/10A	EUR	1,500,000	1,247,145.00	0.27
INTESA SAN PAOLO FL.R 17-XX 11/07S	EUR	500,000	484,550.00	0.10
INTESA SAN PAOLO FL.R 17-XX 16/05S	EUR	1,500,000	1,449,345.00	0.31
INTESA SANPAOLO FL.R 19-29 12/07A	EUR	1,000,000	997,105.00	0.21
INTESA SANPAOLO VITA FL.R 14-24 17/12A	EUR	1,900,000	1,855,312.00	0.40
UNICREDIT REGS SUB FL.R 14-XX 03/06S	USD	4,000,000	3,595,333.80	0.77
UNICREDIT SPA FL.R 16-23 31/05Q	USD	108,000	100,979.62	0.02
UNICREDIT SPA FL.R 19-29 20/02A	EUR	1,500,000	1,482,277.50	0.32
Luxembourg			**1,433,706.72**	**0.31**
CPI PROPERTY GROUP FL.R 20-XX 16/11A	EUR	1,500,000	781,350.00	0.17
SES SA FL.R 16-XX 29/01A	EUR	500,000	489,222.50	0.11
SWISS RE FINANCE LUX FL.R 19-XX 04/09A	USD	200,000	163,134.22	0.04
Malta			**1,783,013.75**	**0.38**
BANK OF VALLETTA FL.R 22-27 06/12A	EUR	1,750,000	1,783,013.75	0.38
Netherlands			**23,598,433.91**	**5.08**
ABERTIS FINANCE BV FL.R 20-XX 24/02A	EUR	500,000	424,622.50	0.09
ACHMEA BV FL.R 13-43 04/04A	EUR	500,000	501,740.00	0.11
ARGENTUM NETHLD FL.R 15-XX 16/06A	EUR	1,500,000	1,459,822.50	0.31
ASR NEDERLAND NV FL.R 15-45 29/09A	EUR	500,000	497,487.50	0.11
ASR NEDERLAND NV FL.R 22-43 07/12A	EUR	800,000	798,596.00	0.17
ATHORA NETHERLANDS FL.R 22-32 31/08A	EUR	3,000,000	2,824,845.00	0.61
ATRADIUS FINANCE BV FL.R 14-44 23/09A09A	EUR	3,630,000	3,587,456.40	0.77
ELM BV FL.R 15-XX 01/09A	EUR	500,000	464,465.00	0.10
ELM BV FL.R 20-XX 03/09A	EUR	1,500,000	1,429,590.00	0.31
ING GROUP NV FL.R 17-28 11/04A	EUR	2,500,000	2,488,637.50	0.54
NN GROUP NV FL.R 14-44 08/04A	EUR	1,000,000	994,635.00	0.21
NN GROUP NV FL.R 14-XX 15/07A	EUR	1,000,000	974,175.00	0.21
NN GROUP NV FL.R 22-43 01/03A	EUR	2,500,000	2,317,325.00	0.50
RABOBANK STACK FL.R 13-XX 29/03Q	EUR	1,500,000	1,444,222.51	0.31
TELEFONICA EUROPE BV FL.R 19-XX 14/03A	EUR	2,000,000	1,914,920.00	0.41
TRIODOS BANK NV FL.R 21-32 05/02A	EUR	400,000	302,240.00	0.07
VOLKSWAGEN INTL FIN FL.R 18-XX 27/06A	EUR	400,000	355,314.00	0.08
VOLKSWAGEN INTL FIN FL.R 22-XX 28/03A3A	EUR	1,000,000	818,340.00	0.18
Norway			**1,464,225.41**	**0.32**
DNB BANK ASA FL.R 86-XX XX/XXS	USD	2,000,000	1,269,421.41	0.27
KOMMUN LANDSPENSJON FL.R 15-45 10/06A	EUR	200,000	194,804.00	0.04
Poland			**1,931,225.00**	**0.42**
MBANK SA FL.R 21-27 21/09A	EUR	2,500,000	1,931,225.00	0.42
Portugal			**3,112,607.50**	**0.67**
BANCO COMERCIAL PORT FL.R 19-30 27/03A	EUR	1,000,000	791,875.00	0.17
BANCO COMERCIAL PORT FL.R 21-32 17/05A	EUR	1,000,000	705,610.00	0.15
BC PORTUGUES FL.R 21-28 07/04A	EUR	500,000	390,605.00	0.08
COMPANHIA DE SEGUROS FL.R 21-31 04/06A	EUR	1,500,000	1,224,517.50	0.26

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Slovenia			**5,190,317.50**	**1.12**
NOVA LJUBLJANSKA BANKA FL.R 19-29 19/11A	EUR	2,200,000	1,854,875.00	0.40
NOVA LJUBLJANSKA BK FL.R 22-32 28/11A	EUR	1,000,000	1,016,170.00	0.22
NOVA LJUBLJANSK FL.R 20-30 05/02A	EUR	2,500,000	2,082,812.50	0.45
POZA SA FL.R 19-39 07/11A	EUR	300,000	236,460.00	0.05
Spain			**16,686,190.52**	**3.59**
ABANCA CORP BANCA FL.R 19-30 07/04A	EUR	2,000,000	1,871,180.00	0.40
ABAN CO FL.R 22-28 14/09A	EUR	1,200,000	1,186,146.00	0.26
BANCO DE SABADE FL.R 22-26 08/09A	EUR	2,500,000	2,483,550.00	0.53
BANCO DE SABADELL SA FL.R 18-28 12/12A	EUR	500,000	499,747.50	0.11
BANCO SANTANDER SA FL.R 17-XX 15/03Q	EUR	3,485,000	3,084,103.02	0.66
CAIXABANK SA FL.R 19-29 15/02A	EUR	2,000,000	1,963,740.00	0.42
CAIXABANK SA FL.R 22-33 23/02A	EUR	1,600,000	1,600,184.00	0.34
UNICAJA BANCO SA FL.R 22-27 15/11A	EUR	4,000,000	3,997,540.00	0.86
Sweden			**1,182,367.50**	**0.25**
CASTELLUM AB FL.R 21-XX 02/03A	EUR	1,500,000	953,017.50	0.21
HEIMSTADEN AB FL.R 21-XX 15/01A	EUR	500,000	229,350.00	0.05
Switzerland			**9,281,405.67**	**2.00**
CREDIT SUISSE GROUP FL.R 22-29 01/03A	EUR	2,000,000	1,989,490.00	0.43
CS GROUP REGS FL.R 13-XX 11/12S	USD	3,000,000	2,456,809.55	0.53
CS GROUP REGS FL.R 14-XX 18/06S	USD	5,400,000	3,998,808.16	0.86
UBS GROUP SUB FL.R 15-XX 19/02A	USD	900,000	836,297.96	0.18
United Kingdom			**26,229,422.58**	**5.65**
BARCLAYS BANK PLC FL.R 05-XX 15/03Q	EUR	1,000,000	720,005.00	0.16
BARCLAYS PLC FL.R 17-28 07/02A	EUR	1,000,000	993,355.00	0.21
HBOS EMTN SUB FL.R 05-30 18/03A	EUR	2,000,000	1,919,700.00	0.41
HSBC FL.R 22-32 16/11A	EUR	3,000,000	3,041,295.00	0.65
INVESTEC FL.R 22-33 06/03A	GBP	600,000	688,023.67	0.15
LV FRIENDLY SOC LTD FL.R 13-43 22/05A	GBP	2,500,000	2,787,038.60	0.60
PRUDENTIAL SUB FL.R 13-63 19/12S	GBP	1,400,000	1,403,794.87	0.30
SAIN S FL.R 22-33 12/03S	GBP	1,500,000	1,741,335.58	0.38
SHAWBROOK GROUP FL.R 20-30 10/10S	GBP	800,000	877,768.38	0.19
STANDARD CHARTERED FL.R 06-49 08/12S	USD	3,000,000	2,178,538.30	0.47
STANDARD CHART REGS FL.R 07-XX 30/01S	USD	5,100,000	4,464,345.75	0.96
VIRGIN MONEY UK PLC FL.R 18-28 14/12S2S	GBP	4,000,000	4,504,367.43	0.97
VODAFONE GROUP PLC FL.R 18-78 03/10A	EUR	1,000,000	909,855.00	0.20
United States of America			**13,040,112.70**	**2.81**
ALLFIRST PFD CAP TR FL.R 99-XX 31/12Q	USD	500,000	449,754.04	0.10
DEUTSCHE POST FD III FL.R 05-XX 07/06A	EUR	4,000,000	2,869,020.00	0.62
HSB GROUP INC FL.R 97-27 15/07Q	USD	2,135,000	1,720,402.90	0.37
IKB FUNDING TRUST-DY FL.R 02-XX XX/XXQ	EUR	861,100	606,843.00	0.13
JPMORGAN CHASE FL.R 17-37 02/02Q	USD	2,000,000	1,603,420.00	0.35
LIBERTY MUTUAL GROUP FL.R 19-59 23/05A	EUR	3,000,000	2,657,145.00	0.57
REINSURANCE GROUP FL.R 05-65 15/12Q	USD	2,000,000	1,616,303.58	0.35
USB REALTY FL.R 06-XX 31/12Q	USD	2,100,000	1,517,224.18	0.33
Shares/Units in investment funds			**2,561,847.79**	**0.55**
Guernsey			**2,561,847.79**	**0.55**
AXIOM EUR FIN DEBT FD GBP	GBP	2,456,500	2,561,847.79	0.55
Other transferable securities			**8,312,998.50**	**1.79**
Bonds			**4,274,594.50**	**0.92**
Estonia			**2,175,144.50**	**0.47**
AKTSIASELTS LUMINOR BA 0.79 20-24 03/12A	EUR	2,300,000	2,175,144.50	0.47

The accompanying notes form an integral part of these financial statements.

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Ireland			**1,416,660.00**	**0.31**
GRENKE FINANCE 1.6250 19-24 05/04A	EUR	1,500,000	1,416,660.00	0.31
Slovakia			**682,790.00**	**0.15**
EUSTREAM 1.625 20-27 25/06A	EUR	1,000,000	682,790.00	0.15
Spain			**-**	**0.00**
BCO POPULAR ESPANOL 8.00 11-21 29/07Q	EUR	993,000	-	0.00
Floating rate notes			**4,038,404.00**	**0.87**
Hungary			**2,054,934.00**	**0.44**
OTP BANK PLC FL.R 22-25 13/07A	EUR	2,100,000	2,054,934.00	0.44
Netherlands			**1,983,470.00**	**0.43**
LEASEPLAN CORPORATION FL.R 19-XX 29/05S	EUR	2,000,000	1,983,470.00	0.43
Money market instruments			**19,930,837.22**	**4.29**
Commercial papers & certificates of deposit debt claims			**17,911,742.97**	**3.86**
France			**17,911,742.97**	**3.86**
BONDUELLE ZCP 130223	EUR	3,000,000	2,989,015.37	0.64
ITM ENTREPRISES ZCP 110423	EUR	3,000,000	2,974,793.58	0.64
LDC SABLE ZCP 070223	EUR	3,000,000	2,989,650.83	0.64
RENAULT SA ZCP 130323	EUR	3,000,000	2,981,160.72	0.64
SAFRAN SA ZCP 060123	EUR	3,000,000	2,995,756.01	0.65
VERALLIA PACKAGING ZCP 070323	EUR	3,000,000	2,981,366.46	0.64
Treasury market			**2,019,094.25**	**0.43**
Switzerland			**2,019,094.25**	**0.43**
SWIS NATL BANK BIL ZCP 20-03-23	CHF	2,000,000	2,019,094.25	0.43
Undertakings for Collective Investment			**43,796,998.62**	**9.43**
Shares/Units in investment funds			**43,796,998.62**	**9.43**
France			**32,829,118.56**	**7.07**
GROUPAMA MONETAIRE FCP	EUR	48	10,195,582.56	2.20
UNION + - C CAP	EUR	120	22,633,536.00	4.87
Ireland			**3,030,968.70**	**0.65**
INVESCO MARKETS II PLC INVESCO PREFERR	EUR	220,050	3,030,968.70	0.65
Luxembourg			**7,936,911.36**	**1.71**
AXIOM SUSTAINABLE FINANCIAL BONDS ZC EUR	EUR	4,310	5,730,736.36	1.23
AXIOM LONG SHORT CREDIT ZC EUR	EUR	2,500	2,206,175.00	0.48
Total securities portfolio			**443,396,204.62**	**95.49**

AXIOM LUX - AXIOM OBLIGATAIRE

Statement of net assets as at 31/12/22

	Note	Expressed in EUR
Assets		**302,648,060.05**
Securities portfolio at market value	2.2	295,020,667.13
Cost price		*329,827,662.17*
Cash at banks and liquidities		1,640,181.01
Receivable on subscriptions		481,346.30
Net unrealised appreciation on forward foreign exchange contracts	2.7	856,691.08
Interests receivable, net		4,626,710.19
Formation expenses, net	2.11	22,464.34
Liabilities		**1,780,310.77**
Bank overdrafts		630,000.06
Payable on redemptions		172,451.08
Net unrealised depreciation on swaps	2.9	55,731.80
Management Company fees payable	3	354,159.87
Depositary and sub-depositary fees payable		10,748.32
Administration fees payable	5	20,113.53
Performance fees payable	4	493,837.04
Other liabilities		43,269.07
Net asset value		**300,867,749.28**

Statement of operations and changes in net assets from 01/01/22 to 31/12/22

	Note	Expressed in EUR
Income		**16,844,212.61**
Dividends on securities portfolio, net		817,904.71
Interests on bonds and money market instruments, net		15,682,229.33
Interests received on swaps		50,555.95
Bank interests on cash accounts		15,450.59
Other income		278,072.03
Expenses		**5,027,152.76**
Management Company fees	3	4,052,582.33
Performance fees	4	493,809.95
Depositary and sub-depositary fees		83,487.50
Administration fees	5	174,082.07
Domiciliary fees		7,509.84
Distribution fees		9,762.25
Amortisation of formation expenses	2.11	13,247.65
Audit fees		25,249.59
Legal fees		65,453.26
Transaction fees	6	10,529.19
Directors fees		5,111.03
Subscription tax ("Taxe d'abonnement")	7	38,916.50
Interests paid on bank overdraft		27,673.49
Banking fees		3,232.00
Other expenses	12	16,506.11
Net income / (loss) from investments		**11,817,059.85**
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	-5,004,783.35
- forward foreign exchange contracts	2.7	-743,137.97
- foreign exchange	2.4	1,897,677.47
Net realised profit / (loss)		**7,966,816.00**
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	-46,418,559.63
- forward foreign exchange contracts	2.7	1,755,649.90
- swaps	2.9	10,189.29
Net increase / (decrease) in net assets as a result of operations		**-36,685,904.44**
Dividends distributed	10	-425,894.38
Subscriptions of capitalisation shares		104,185,620.60
Subscriptions of distribution shares		17,134,680.18
Redemptions of capitalisation shares		-72,073,886.57
Redemptions of distribution shares		-511,075.71
Net increase / (decrease) in net assets		**11,623,539.68**
Net assets at the beginning of the year		**289,244,209.60**
Net assets at the end of the year		**300,867,749.28**

AXIOM LUX - AXIOM OBLIGATAIRE

Statistics

		31/12/22	31/12/21	31/12/20
Total Net Assets	**EUR**	**300,867,749.28**	**289,244,209.60**	**209,423,201.36**
BC - USD - Capitalisation				
Number of shares		1,557.1517	1,850.8248	1,841.4074
Net asset value per share	USD	2,151.62	2,418.52	2,304.87
C - EUR - Capitalisation				
Number of shares		48,869.3308	54,065.4829	43,997.0569
Net asset value per share	EUR	1,910.06	2,185.67	2,097.00
E - GBP - Capitalisation				
Number of shares		601.0000	45.0000	32.0000
Net asset value per share	GBP	2,082.18	2,322.76	2,189.52
G - EUR - Capitalisation				
Number of shares		0.0015	7,395.7120	8,209.5252
Net asset value per share	EUR	1,080.00	1,216.98	1,156.00
I - EUR - Capitalisation				
Number of shares		41,355.7354	31,542.5260	21,025.0021
Net asset value per share	EUR	1,172.80	1,333.39	1,271.16
IB - USD - Capitalisation				
Number of shares		16,694.5644	-	-
Net asset value per share	USD	949.98	-	-
IE - GBP - Capitalisation				
Number of shares		8.4916	8.4916	-
Net asset value per share	GBP	912.45	1,015.52	-
IM - CHF - Capitalisation				
Number of shares		3,780.0000	-	-
Net asset value per share	CHF	930.53	-	-
J - EUR - Capitalisation				
Number of shares		59,384.5057	44,700.4831	15,000.0000
Net asset value per share	EUR	1,192.92	1,351.13	1,283.46
M - CHF - Capitalisation				
Number of shares		363.8130	525.8130	525.8130
Net asset value per share	CHF	1,795.75	2,060.81	1,980.94
R - EUR - Capitalisation				
Number of shares		14,866.7386	15,014.6430	15,706.6450
Net asset value per share	EUR	1,753.88	2,007.73	1,930.21
Z - EUR - Capitalisation				
Number of shares		485.1541	7.9967	1,135.9967
Net asset value per share	EUR	2,281.05	2,559.34	2,382.52
D - EUR - Distribution				
Number of shares		25,618.9453	14,415.8269	14,701.5183
Net asset value per share	EUR	1,458.21	1,688.24	1,643.32
Dividend per share		27.47	30.65	32.76

Changes in number of shares outstanding from 01/01/22 to 31/12/22

	Shares outstanding as at 01/01/22	Shares issued	Shares redeemed	Shares outstanding as at 31/12/22
BC - USD - Capitalisation	1,850.8248	490.8420	784.5151	1,557.1517
C - EUR - Capitalisation	54,065.4829	8,855.4077	14,051.5598	48,869.3308
E - GBP - Capitalisation	45.0000	595.0000	39.0000	601.0000
G - EUR - Capitalisation	7,395.7120	0.0000	7,395.7105	0.0015
I - EUR - Capitalisation	31,542.5260	16,505.8561	6,692.6467	41,355.7354
IB - USD - Capitalisation	0.0000	18,849.5644	2,155.0000	16,694.5644
IE - GBP - Capitalisation	8.4916	0.0000	0.0000	8.4916
IM - CHF - Capitalisation	0.0000	3,875.0000	95.0000	3,780.0000
J - EUR - Capitalisation	44,700.4831	22,765.3507	8,081.3281	59,384.5057
M - CHF - Capitalisation	525.8130	15.0000	177.0000	363.8130
R - EUR - Capitalisation	15,014.6430	6,174.2757	6,322.1801	14,866.7386
Z - EUR - Capitalisation	7.9967	477.1574	0.0000	485.1541
D - EUR - Distribution	14,415.8269	11,523.8764	320.7580	25,618.9453

AXIOM LUX - AXIOM OBLIGATAIRE

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			**273,071,562.51**	**90.76**
Shares			**5,589,970.54**	**1.86**
France			**2,380,357.00**	**0.79**
BNP PARIBAS PREF	EUR	20,003	2,380,357.00	0.79
United Kingdom			**3,209,613.54**	**1.07**
LLOYDS BANKING GROUP PREF	GBP	877,619	1,351,666.79	0.45
LLOYDS BANKING GRP 9.75 NON CUM PREF	GBP	151,500	241,187.66	0.08
NATIONAL WESTMINSTER BK 9 NON CUM PRF-A-	GBP	987,000	1,500,106.51	0.50
RSA INSURANCE GROUP LIMITED	GBP	100,000	116,652.58	0.04
Bonds			**72,290,532.24**	**24.03**
Austria			**2,908,578.00**	**0.97**
KOMMUNALKREDIT 6.5000 21-XX XX/XXS	EUR	2,400,000	2,001,000.00	0.67
RAIFFEISEN LB NIEDER 5.875 13-23 27/11A	EUR	900,000	907,578.00	0.30
Belgium			**3,561,624.00**	**1.18**
CRELAN SA/NV 5.3750 22-25 31/10A	EUR	3,600,000	3,561,624.00	1.18
British Virgin Islands			**4,051,163.72**	**1.35**
FORTUNE STAR BVI LTD 3.95 21-26 02/10S	EUR	4,200,000	2,489,970.00	0.83
FORTUNE STAR BVI LTD 5.05 21-27 27/01S	USD	2,600,000	1,561,193.72	0.52
Denmark			**995,415.00**	**0.33**
SYDBANK A/S 4.75 22-25 30/09A	EUR	1,000,000	995,415.00	0.33
Estonia			**3,961,200.00**	**1.32**
AKTSIASELTS LUMINOR B 5.0 22-24 29/08A	EUR	4,000,000	3,961,200.00	1.32
France			**18,428,781.04**	**6.13**
BERTRAND CORP SAS 4.3 22-27 03/02A	EUR	1,950,000	1,688,828.78	0.56
KORIAN SA 4.125 21-XX 15/06A	GBP	4,400,000	3,786,157.22	1.26
PEUGEOT INVEST SA 1.8750 19-26 30/10A	EUR	1,600,000	1,311,224.00	0.44
QUATRIM 5.8750 19-24 31/01A	EUR	11,923,000	11,642,571.04	3.87
Germany			**2,198,859.00**	**0.73**
OLDENBURGISCHE LANDESBANK 6 21-99 31/12A	EUR	2,600,000	2,198,859.00	0.73
Iceland			**4,332,915.00**	**1.44**
ARION BANKI HF 4.8750 22-24 21/12A	EUR	4,500,000	4,332,915.00	1.44
Ireland			**4,797,733.50**	**1.59**
BANK OF IRELAND 6.00 20-XX XX/XXS	EUR	3,500,000	3,264,117.50	1.08
PERMANENT TSB GROUP 2.125 19-24 26/09A	EUR	1,600,000	1,533,616.00	0.51
Italy			**1,653,707.00**	**0.55**
UNICREDIT SPA 4.4500 21-XX XX/XXS	EUR	2,200,000	1,653,707.00	0.55
Jersey			**89,153.57**	**0.03**
HYBRID CAP.FD.1 SUB 8.00 05-XX 30/06Q	USD	2,131,000	89,153.57	0.03
Luxembourg			**9,797,745.50**	**3.26**
ADLER GROUP SA 2.25 21-27 27/04A	EUR	7,300,000	2,550,145.50	0.85
HLD EUROPE 3.85 20-26 23/09A	EUR	4,500,000	4,230,000.00	1.41
HLD EUROPE 3.85 21-27 16/07A	EUR	3,280,000	3,017,600.00	1.00
Sweden			**5,455,471.50**	**1.81**
HEIMSTADEN AB 4.375 21-27 06/03S/03S	EUR	8,100,000	5,455,471.50	1.81
United Kingdom			**10,058,185.41**	**3.34**
BRACKEN MIDCO1 PLC 6.75 21-27 01/11S/11S	GBP	2,500,000	2,283,657.37	0.76
CO-OP BK FIN 9.5 19-29 25/04S	GBP	1,600,000	1,752,732.60	0.58

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
ESURE GROUP PLC 6.00 21-99 31/12S	GBP	4,900,000	3,865,822.49	1.28
JERROLD FINCO PLC 5.25 21-27 25/01S	GBP	2,300,000	2,155,972.95	0.72
Floating rate notes			**186,101,870.07**	**61.86**
Austria			**14,313,024.50**	**4.76**
BAWAG GROUP AG FL.R 18-XX XX/XXS	EUR	2,800,000	2,451,400.00	0.81
BAWAG GROUP AG FL.R 20-30 23/09A	EUR	1,500,000	1,255,297.50	0.42
ERSTE GROUP BK SUB FL.R 17-XX 15/04S	EUR	5,200,000	5,078,840.00	1.69
VOLKSBANK WIEN AG FL.R 19-XX 09/10S	EUR	5,800,000	5,527,487.00	1.84
Czech Republic			**1,845,900.00**	**0.61**
CESKA SPORITELNA AS FL.R 22-25 14/11A	EUR	1,800,000	1,845,900.00	0.61
Denmark			**6,426,385.70**	**2.14**
SAXO BANK AS FL.R 19-29 03/07A	EUR	4,081,000	3,978,975.00	1.32
SAXO BANK AS FL.R 19-XX XX/XXS	EUR	2,642,000	2,447,410.70	0.81
France			**4,052,000.00**	**1.35**
CREDIT INDUSTRIEL FL.R 90-99 26/12A	EUR	90,000	73,575.00	0.02
PROMONTORIA MMB SASU FL.R 19-XX XX/XXS	EUR	4,600,000	3,978,425.00	1.32
Germany			**7,707,084.50**	**2.56**
AAREAL BANK AG FL.R 14-XX 30/04A	EUR	1,400,000	1,243,172.00	0.41
IKB DEUTSCHE INDUSTR FL.R 18-28 31/01A	EUR	7,500,000	6,463,912.50	2.15
Greece			**2,835,188.75**	**0.94**
PIRAEUS BANK SA FL.R 21-27 03/11A	EUR	3,350,000	2,835,188.75	0.94
Hungary			**9,026,169.65**	**3.00**
ERSTE BANK HUNGARY ZRT FL.R 22-26 04/02A	EUR	1,600,000	1,421,832.00	0.47
OTP BANK FL.R 22-26 04/03A	EUR	1,000,000	994,860.00	0.33
OTP BANK NYRT FL.R 19-29 15/07A	EUR	5,294,000	4,820,716.40	1.60
OTP BANK REGS SUB FL.R 06-XX 07/11Q	EUR	50,000	41,016.75	0.01
RAIFFEISEN BANK BUDA FL.R 22-25 22/11A	EUR	1,700,000	1,747,744.50	0.58
Ireland			**5,556,156.00**	**1.85**
AIB GROUP PLC FL.R 20-49 31/12S	EUR	3,200,000	3,001,072.00	1.00
PERMANENT TSB GROUP FL.R 20-XX 25/05S	EUR	2,800,000	2,555,084.00	0.85
Italy			**11,552,519.00**	**3.84**
ATHORA ITALIA FL.R 21-31 16/08A	EUR	3,566,000	3,583,830.00	1.19
CASSA DI RISPARMIO FL.R 20-XX 27/05S	EUR	2,500,000	2,364,700.00	0.79
FINECO BANK SPA FL.R 19-XX 03/12S	EUR	5,800,000	5,603,989.00	1.86
Luxembourg			**15,989,444.69**	**5.31**
ANACAP FIN EU FL.R 17-24 30/07Q	EUR	3,209,000	2,750,000.69	0.91
AROUNDTOWN SA FL.R 19-XX XXA	GBP	2,285,000	1,236,514.00	0.41
BANQUE INTERNATIONALE FL.R 5.25 19-XX XX/XXS	EUR	8,200,000	7,262,740.00	2.41
CPI PROPERTY GROUP FL.R 20-XX 16/11A	EUR	9,100,000	4,740,190.00	1.58
Netherlands			**16,073,505.22**	**5.34**
ACHMEA BV FL.R 19-XX XX/XXS	EUR	4,650,000	3,731,160.00	1.24
ATHORA NETHERLANDS FL.R 22-32 31/08A	EUR	1,000,000	941,615.00	0.31
NIBC BANK NV FL.R 17-XX XX/XXS	EUR	4,141,000	3,525,730.22	1.17
VAN LANSCH KEMP FL.R 19-XX XX/XXS	EUR	8,400,000	7,875,000.00	2.62
Poland			**4,171,446.00**	**1.39**
MBANK SA FL.R 21-27 21/09A	EUR	5,400,000	4,171,446.00	1.39
Portugal			**13,263,344.00**	**4.41**
BANCO COMERCIAL PORT FL.R 19-30 27/03A	EUR	5,700,000	4,513,687.50	1.50
BANCO COMERCIAL PORT FL.R 21-32 17/05A	EUR	2,300,000	1,622,903.00	0.54
COMPANHIA DE SEGUROS FL.R 21-31 04/06A	EUR	6,300,000	5,142,973.50	1.71
NOVO BANCO SA FL.R 21-23 15/09A	EUR	2,000,000	1,983,780.00	0.66

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Slovenia			**5,022,960.00**	**1.67**
NOVA LJUBLJANSKA BANKA FL.R 19-29 19/11A	EUR	1,600,000	1,349,000.00	0.45
NOVA LJUBLJANSKA BK FL.R 22-32 28/11A	EUR	500,000	508,085.00	0.17
NOVA LJUBLJANSK FL.R 20-30 05/02A	EUR	3,800,000	3,165,875.00	1.05
Spain			**27,956,888.75**	**9.29**
ABANCA CORP BANCA FL.R 19-30 07/04A	EUR	1,800,000	1,684,062.00	0.56
ABANCA CORP BAN FL.R 21-49 31/12Q	EUR	4,600,000	4,034,200.00	1.34
BANCO BILBAO VI FL.R 18-XX 24/03Q	EUR	2,000,000	1,926,430.00	0.64
BANCO DE CREDIT FL.R 22-26 22/09A	EUR	1,000,000	1,005,875.00	0.33
BANCO DE CREDITO SOC FL.R 21-31 27/11A	EUR	3,900,000	3,279,900.00	1.09
BANCO SANTANDER SA FL.R 17-XX 15/03Q	EUR	4,550,000	4,026,590.75	1.34
BANKINTER SA FL.R 20-XX 17/10Q	EUR	1,000,000	986,335.00	0.33
BBVA FL.R 20-XX 15/10Q	EUR	2,600,000	2,482,883.00	0.83
CAIXABANK SA FL.R 18-XX 23/03Q	EUR	2,600,000	2,254,343.00	0.75
IBERCAJA S.A.U. FL.R XX 06/01Q	EUR	6,600,000	6,276,270.00	2.09
Switzerland			**15,448,303.49**	**5.13**
CREDIT SUISSE GROUP FL.R 22-26 13/10A	EUR	1,000,000	851,510.00	0.28
CREDIT SUISSE GROUP FL.R 22-29 01/03A	EUR	1,000,000	994,745.00	0.33
CS GROUP REGS FL.R 13-XX 11/12S	USD	6,700,000	5,486,874.68	1.82
EFG INTERNATIONAL AG FL.R 21-XX 24/03A	USD	5,115,000	4,101,561.42	1.36
JULIUS BAER GRUPPE AG FL.R 20-XX 08/04S	USD	1,700,000	1,388,990.39	0.46
QUINTET PRIVATE BANK FL.R 20-49 31/12S	EUR	2,800,000	2,624,622.00	0.87
United Kingdom			**21,880,055.33**	**7.27**
ABRDN PLC FL.R 21-XX XX/XXS	GBP	2,000,000	1,790,927.02	0.60
INVESTEC FL.R 22-33 06/03A	GBP	3,100,000	3,554,788.95	1.18
JUPITER FUND MGT FL.R 20-30 27/07A	GBP	1,750,000	2,008,362.92	0.67
MAREX GROUP FL.R 22-99 31/12S	USD	2,500,000	2,386,570.41	0.79
NATWEST GROUP PLC FL.R 20-XX 31/03Q	GBP	2,500,000	2,373,091.01	0.79
OSB GROUP PLC FL.R 21-XX 07/04S	GBP	5,000,000	4,261,763.88	1.42
SAIN S FL.R 22-33 12/03S	GBP	3,000,000	3,482,671.18	1.16
UTMOST GROUP FL.R 22-49 31/12S	GBP	2,200,000	2,021,879.96	0.67
United States of America			**2,981,494.49**	**0.99**
HSB GROUP INC FL.R 97-27 15/07Q	USD	3,700,000	2,981,494.49	0.99
Convertible bonds			**676,226.48**	**0.22**
France			**577,868.00**	**0.19**
BIGBEN INTERACTIVE CV 1.125 21-26 19/02S	EUR	800,000	577,868.00	0.19
Luxembourg			**98,358.48**	**0.03**
ESPERITO SANTO CV REGS9.75 11-25 19/12A DEFAULTED	EUR	4,432,000	48,264.48	0.02
ESPERITO SANTO REGS CV 3.125 13-18 02/12S DEFAULTED	EUR	4,600,000	50,094.00	0.02
Shares/Units in investment funds			**8,412,963.18**	**2.80**
Guernsey			**8,412,963.18**	**2.80**
AXIOM EUR FIN DEBT FD GBP	GBP	8,067,007	8,412,963.18	2.80
Other transferable securities			**16,010,661.98**	**5.32**
Bonds			**7,721,198.28**	**2.57**
Czech Republic			**2,626,772.00**	**0.87**
RAIFFEISENBANK A.S. 1 21-28 09/06A	EUR	3,400,000	2,626,772.00	0.87
Netherlands			**1,190,700.00**	**0.40**
SNS REALL TV PER 6.258 07-XX 06/10A	EUR	2,268,000	1,190,700.00	0.40
Portugal			**1,904,930.00**	**0.63**
NOVO BANCO 3.5 21-24 23/07A	EUR	2,000,000	1,904,930.00	0.63

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Spain			**-**	**0.00**
BANCO POPULAR ESPANOL 8.25 11-21 19/10Q	EUR	2,080,000	-	0.00
BCO POPULAR ESPANOL 8.00 11-21 29/07Q	EUR	2,873,000	-	0.00
United Kingdom			**1,998,796.28**	**0.66**
THE CO-OPERATIVE BANK 9.0 20-25 27/11S	GBP	1,800,000	1,998,796.28	0.66
Floating rate notes			**8,289,463.70**	**2.76**
Hungary			**1,076,394.00**	**0.36**
OTP BANK PLC FL.R 22-25 13/07A	EUR	1,100,000	1,076,394.00	0.36
Ireland			**647,784.00**	**0.22**
PERMANENT TSB GROUP FL.R 22-XX 26/04S	EUR	600,000	647,784.00	0.22
Netherlands			**6,565,285.70**	**2.18**
LEASEPLAN CORPORATION FL.R 19-XX 29/05S	EUR	6,620,000	6,565,285.70	2.18
Spain			**-**	**0.00**
BCO POPULAR ESPANOL FL.R 09-19 22/12Q	EUR	1,600,000	-	0.00
Money market instruments			**5,938,442.64**	**1.97**
Treasury market			**5,938,442.64**	**1.97**
Italy			**5,938,442.64**	**1.97**
ITALY ZCP 310523	EUR	6,000,000	5,938,442.64	1.97
Total securities portfolio			**295,020,667.13**	**98.06**

AXIOM LUX - AXIOM OPTIMAL CRITERIA

Statement of net assets as at 31/12/22

	Note	*Expressed in EUR*
Assets		**1,922,371.45**
Securities portfolio at market value	2.2	1,878,666.12
Cost price		*1,888,129.12*
Cash at banks and liquidities		26,796.70
Interests receivable, net		11,642.42
Formation expenses, net	2.11	5,266.21
Liabilities		**2,468.70**
Bank overdrafts		141.22
Management Company fees payable	3	815.59
Depositary and sub-depositary fees payable		880.59
Administration fees payable	5	131.21
Other liabilities		500.09
Net asset value		**1,919,902.75**

Statement of operations and changes in net assets from 01/01/22 to 31/12/22

	Note	Expressed in EUR
Income		**144,125.97**
Dividends on securities portfolio, net		1,107.90
Interests on bonds, net		142,209.68
Bank interests on cash accounts		632.00
Other income		176.39
Expenses		**49,719.87**
Management Company fees	3	31,187.65
Depositary and sub-depositary fees		2,298.68
Administration fees	5	1,936.58
Domiciliary fees		178.19
Distribution fees		216.84
Amortisation of formation expenses	2.11	3,061.83
Audit fees		351.45
Legal fees		2,510.70
Transaction fees	6	1,229.46
Directors fees		152.06
Subscription tax ("Taxe d'abonnement")	7	479.04
Interests paid on bank overdraft		4,091.97
Banking fees		547.00
Other expenses	12	1,478.42
Net income / (loss) from investments		**94,406.10**
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	-1,061,465.93
- forward foreign exchange contracts	2.7	-166,899.31
- financial futures	2.8	357,711.19
- foreign exchange	2.4	122,218.89
Net realised profit / (loss)		**-654,029.06**
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	-40,386.50
- forward foreign exchange contracts	2.7	58,122.62
- financial futures	2.8	-21,374.82
Net increase / (decrease) in net assets as a result of operations		**-657,667.76**
Subscriptions of capitalisation shares		1,923,420.00
Redemptions of capitalisation shares		-13,853,687.04
Net increase / (decrease) in net assets		**-12,587,934.80**
Net assets at the beginning of the year		**14,507,837.55**
Net assets at the end of the year		**1,919,902.75**

The accompanying notes form an integral part of these financial statements.

Statistics

		31/12/22	31/12/21	31/12/20
Total Net Assets	**EUR**	**1,919,902.75**	**14,507,837.55**	**14,491,706.86**
C - EUR - Capitalisation				
Number of shares		2,000.0000	14,301.4644	14,301.4644
Net asset value per share	EUR	959.95	1,014.43	1,013.30

Changes in number of shares outstanding from 01/01/22 to 31/12/22

	Shares outstanding as at 01/01/22	Shares issued	Shares redeemed	Shares outstanding as at 31/12/22
C - EUR - Capitalisation	14,301.4644	2,000.0000	14,301.4644	2,000.0000

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			**1,878,666.12**	**97.85**
Bonds			**1,803,312.00**	**93.93**
Belgium			**300,178.50**	**15.64**
BELGIUM 2.25 13-23 22/06A	EUR	300,000	300,178.50	15.64
France			**597,988.50**	**31.15**
FRANCE 0.00 17-23 25/03A	EUR	300,000	298,666.50	15.56
FRANCE 0 20-23 25/02A	EUR	300,000	299,322.00	15.59
Germany			**300,019.50**	**15.63**
GERMANY 1.5 13-23 15/02A02A	EUR	300,000	300,019.50	15.63
Italy			**299,850.00**	**15.62**
ITALY 0.05 19-23 15/01S	EUR	300,000	299,850.00	15.62
Portugal			**305,275.50**	**15.90**
PORTUGAL 4.95 08-23 25/10A	EUR	300,000	305,275.50	15.90
Floating rate notes			**75,354.12**	**3.92**
United States of America			**75,354.12**	**3.92**
US BANCORP FL.R 10-XX 15/07Q	USD	100	75,354.12	3.92
Total securities portfolio			**1,878,666.12**	**97.85**

The accompanying notes form an integral part of these financial statements.

AXIOM LUX - AXIOM LONG SHORT CREDIT

Statement of net assets as at 31/12/22

	Note	Expressed in EUR
Assets		**21,690,291.38**
Securities portfolio at market value	2.2	18,295,100.11
Cost price		*21,271,692.89*
Cash at banks and liquidities		2,851,017.17
Net unrealised appreciation on forward foreign exchange contracts	2.7	89,485.87
Interests receivable, net		419,290.01
Formation expenses, net	2.11	35,398.22
Liabilities		**932,036.51**
Bank overdrafts		122,028.54
Payable on redemptions		50,281.58
Payable on repurchase agreements	9	313,560.00
Net unrealised depreciation on swaps	2.9	399,760.94
Management Company fees payable	3	6,047.60
Depositary and sub-depositary fees payable		1,868.82
Administration fees payable	5	7,523.90
Interests payable, net		27,959.15
Other liabilities		3,005.98
Net asset value		**20,758,254.87**

Statement of operations and changes in net assets from 01/01/22 to 31/12/22

	Note	Expressed in EUR
Income		**1,643,659.91**
Interests on bonds and money market instruments, net		1,171,708.89
Interests received on swaps		440,816.65
Bank interests on cash accounts		22,597.41
Interests received on repurchase agreements		8,390.58
Other income		146.38
Expenses		**3,043,653.70**
Management Company fees	3	105,335.71
Depositary and sub-depositary fees		8,268.40
Administration fees	5	28,740.87
Domiciliary fees		745.55
Distribution fees		930.19
Amortisation of formation expenses	2.11	13,089.50
Audit fees		3,788.62
Legal fees		7,797.37
Transaction fees	6	5,747.83
Directors fees		573.68
Subscription tax ("Taxe d'abonnement")	7	2,569.88
Interests paid on bank overdraft		28,744.27
Interests paid on swaps		2,825,187.54
Interests paid on reverse repurchase agreement		800.45
Banking fees		7,949.00
Other expenses	12	3,384.84
Net income / (loss) from investments		**-1,399,993.79**
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	-3,142,186.33
- forward foreign exchange contracts	2.7	-1,343,629.34
- swaps	2.9	2,967,564.17
- foreign exchange	2.4	1,537,070.61
Net realised profit / (loss)		**-1,381,174.68**
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	-3,596,383.00
- forward foreign exchange contracts	2.7	386,567.67
- swaps	2.9	1,278,064.04
Net increase / (decrease) in net assets as a result of operations		**-3,312,925.97**
Redemptions of capitalisation shares		-15,852,307.59
Net increase / (decrease) in net assets		**-19,165,233.56**
Net assets at the beginning of the year		**39,923,488.43**
Net assets at the end of the year		**20,758,254.87**

AXIOM LUX - AXIOM LONG SHORT CREDIT

Statistics

		31/12/22	31/12/21	31/12/20
Total Net Assets	**EUR**	**20,758,254.87**	**39,923,488.43**	**35,932,353.70**
A - EUR - Capitalisation				
Number of shares		-	50.0000	50.0000
Net asset value per share	EUR	-	981.26	1,000.75
B - USD - Capitalisation				
Number of shares		-	58.6439	58.6439
Net asset value per share	USD	-	986.23	1,000.90
CG - EUR - Capitalisation				
Number of shares		-	1.0000	-
Net asset value per share	EUR	-	980.59	-
E - GBP - Capitalisation				
Number of shares		-	45.3007	45.3007
Net asset value per share	GBP	-	985.43	1,001.20
IE - GBP - Capitalisation				
Number of shares		-	8.5319	-
Net asset value per share	GBP	-	993.17	-
M - CHF - Capitalisation				
Number of shares		-	53.7607	53.7607
Net asset value per share	CHF	-	974.00	999.05
P - EUR - Capitalisation				
Number of shares		15,349.8286	31,289.9009	21,678.5099
Net asset value per share	EUR	872.28	983.97	1,000.53
R - EUR - Capitalisation				
Number of shares		-	1.0000	-
Net asset value per share	EUR	-	972.52	-
Z - EUR - Capitalisation				
Number of shares		8,350.0000	9,000.0000	14,000.0000
Net asset value per share	EUR	882.51	991.05	1,003.14

Changes in number of shares outstanding from 01/01/22 to 31/12/22

	Shares outstanding as at 01/01/22	Shares issued	Shares redeemed	Shares outstanding as at 31/12/22
A - EUR - Capitalisation	50.0000	0.0000	50.0000	0.0000
B - USD - Capitalisation	58.6439	0.0000	58.6439	0.0000
CG - EUR - Capitalisation	1.0000	0.0000	1.0000	0.0000
E - GBP - Capitalisation	45.3007	0.0000	45.3007	0.0000
IE - GBP - Capitalisation	8.5319	0.0000	8.5319	0.0000
M - CHF - Capitalisation	53.7607	0.0000	53.7607	0.0000
P - EUR - Capitalisation	31,289.9009	0.0000	15,940.0723	15,349.8286
R - EUR - Capitalisation	1.0000	0.0000	1.0000	0.0000
Z - EUR - Capitalisation	9,000.0000	0.0000	650.0000	8,350.0000

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			**14,545,689.15**	**70.07**
Bonds			**7,679,272.70**	**36.99**
Belgium			**383,222.50**	**1.85**
SARENS FINANCE CO 5.75 20-27 21/02S	EUR	500,000	383,222.50	1.85
Denmark			**295,072.50**	**1.42**
TDC NET AS 5.056 22-28 31/05A	EUR	300,000	295,072.50	1.42
France			**918,602.67**	**4.43**
CASINO GUICHARD-PERR 5.25 21-27 13/04S	EUR	250,000	128,245.00	0.62
IQERA GROUP SAS 4.25 17-24 30/09S	EUR	300,000	274,063.50	1.32
KORIAN SA 4.125 21-XX 15/06A	GBP	600,000	516,294.17	2.49
Germany			**362,272.50**	**1.75**
MAHLE GMBH 2.375 21-28 14/05A	EUR	500,000	362,272.50	1.75
Ireland			**654,174.50**	**3.15**
GRENKE FINANCE PLC 3.95 20-25 09/07A	EUR	700,000	654,174.50	3.15
Italy			**225,505.50**	**1.09**
UNICREDIT SPA 4.4500 21-XX XX/XXS	EUR	300,000	225,505.50	1.09
Japan			**793,565.00**	**3.82**
SOFTBANK GROUP 5.25 15-27 30/07S	EUR	400,000	349,244.00	1.68
SOFTBANK GROUP CORP. 3.375 21-29 06/07S	EUR	600,000	444,321.00	2.14
Luxembourg			**439,354.00**	**2.12**
ADLER GROUP 1.50 17-24 26/07A	EUR	400,000	277,540.00	1.34
ADLER GROUP S.A. 2.75 20-26 13/11A	EUR	400,000	161,814.00	0.78
Netherlands			**819,217.50**	**3.95**
ABERTIS FINANCE BV 2.625 21-49 31/12A	EUR	500,000	387,537.50	1.87
REPSOL INTL FINANCE 2.5000 21-XX 22/03A	EUR	500,000	431,680.00	2.08
Sweden			**296,812.50**	**1.43**
INTRUM AB 9.25 22-28 15/03S	EUR	300,000	296,812.50	1.43
United Kingdom			**1,151,671.48**	**5.55**
ADLER GROUP SA 2.25 21-29 14/01A	EUR	200,000	69,440.00	0.33
BRACKEN MIDCO1 PLC 6.75 21-27 01/11S/11S	GBP	500,000	456,731.48	2.20
INTL PERSONAL FIN 9.75 20-25 12/11A	EUR	750,000	625,500.00	3.01
United States of America			**1,339,802.05**	**6.45**
ENCORE CAPITAL GROUP 4.25 21-28 01/06S	GBP	500,000	436,773.74	2.10
LUCENT TECHNOLOGIES 6.45 99-29 15/03S	USD	739,000	672,941.81	3.24
UGI INTERNATIONAL LLC 2.5 21-29 01/12S	EUR	300,000	230,086.50	1.11
Floating rate notes			**6,866,416.45**	**33.08**
Austria			**1,808,020.00**	**8.71**
AT AND S AUSTRIA TECHN FL.R 22-99 31/12A	EUR	600,000	535,200.00	2.58
ERSTE GROUP BK SUB FL.R 17-XX 15/04S	EUR	600,000	586,020.00	2.82
LENZING AG FL.R 20-XX 07/12A	EUR	800,000	686,800.00	3.31
France			**494,031.00**	**2.38**
EDF FL.R 20-XX 15/03A	EUR	600,000	494,031.00	2.38
Germany			**1,506,813.00**	**7.26**
AAREAL BANK AG FL.R 14-XX 30/04A	EUR	600,000	532,788.00	2.57
DEUTSCHE BANK AG FL.R 21-XX 30/04A2A	EUR	600,000	456,912.00	2.20
IKB DEUTSCHE INDUSTR FL.R 18-28 31/01A	EUR	600,000	517,113.00	2.49

The accompanying notes form an integral part of these financial statements.

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Italy			**179,766.69**	**0.87**
UNICREDIT REGS SUB FL.R 14-XX 03/06S	USD	200,000	179,766.69	0.87
Japan			**579,500.00**	**2.79**
RAKUTEN GROUP INC FL.R 21-XX 21/04A	EUR	1,000,000	579,500.00	2.79
Portugal			**475,125.00**	**2.29**
BANCO COMERCIAL PORT FL.R 19-30 27/03A	EUR	600,000	475,125.00	2.29
Sweden			**996,539.50**	**4.80**
CASTELLUM AB FL.R 21-XX 02/03A	EUR	500,000	317,672.50	1.53
HEIMSTADEN AB FL.R 21-XX 15/01A	EUR	700,000	321,090.00	1.55
SAMHALLSBYGGNAD FL.R 20-XX 14/03A	EUR	900,000	357,777.00	1.72
Switzerland			**409,468.26**	**1.97**
CS GROUP REGS FL.R 13-XX 11/12S	USD	500,000	409,468.26	1.97
United Kingdom			**417,153.00**	**2.01**
BANCO SANTANDER SA FL.R 21-XX 21/03Q	EUR	600,000	417,153.00	2.01
Money market instruments			**1,994,819.00**	**9.61**
Treasury market			**1,994,819.00**	**9.61**
France			**1,994,819.00**	**9.61**
FRANCE ZCP 150223	EUR	2,000,000	1,994,819.00	9.61
Undertakings for Collective Investment			**1,754,591.96**	**8.45**
Shares/Units in investment funds			**1,754,591.96**	**8.45**
France			**1,754,591.96**	**8.45**
GROUPAMA TRéSORERIE IC	EUR	44	1,754,591.96	8.45
Total securities portfolio			**18,295,100.11**	**88.13**

AXIOM LUX

Notes to the financial statements - Schedule of derivative instruments

Notes to the financial statements - Schedule of derivative instruments

Options

As at December 31, 2022, the following options contracts were outstanding:

AXIOM LUX - AXIOM EUROPEAN BANKS EQUITY

Quantity	Denomination	Currency	Commitment (in EUR) (in absolute value)	Market value (in EUR)	Unrealised (in EUR)
Options purchased					
	Options on index				
18,000.00	EURO STOXX BAN MAR 110.00 17.03.23 CALL	EUR	-	495,000.00	-2,412,000.00
12,000.00	EURO STOXX BAN JUN 105.00 16.06.23 CALL	EUR	-	1,290,000.00	45,000.00
				1,785,000.00	**-2,367,000.00**

The counterparty for the options is Caceis Bank Paris.

Notes to the financial statements - Schedule of derivative instruments

Forward foreign exchange contracts

As at December 31, 2022, the following forward foreign exchange contracts were outstanding:

AXIOM LUX - AXIOM SUSTAINABLE FINANCIAL BONDS

Currency purchased	Quantity purchased	Currency sold	Quantity sold	Maturity date	Unrealised (in EUR)		Counterparty
EUR	4,792,332.27	GBP	4,200,000.00	09/02/23	66,186.77		CACEIS Bank, Lux. Branch
EUR	21,417,416.52	USD	21,600,000.00	09/02/23	1,234,266.16		CACEIS Bank, Lux. Branch
USD	2,300,000.00	EUR	2,156,748.75	09/02/23	-7,274.23		CACEIS Bank, Lux. Branch
					1,293,178.70		

AXIOM LUX - AXIOM EUROPEAN BANKS EQUITY

Currency purchased	Quantity purchased	Currency sold	Quantity sold	Maturity date	Unrealised (in EUR)		Counterparty
CHF	1,720.00	EUR	1,745.31	09/02/23	-0.68		CACEIS Bank, Lux. Branch
CHF	100.00	EUR	102.08	09/02/23	-0.65		CACEIS Bank, Lux. Branch
EUR	15,107,379.48	GBP	13,225,000.00	09/02/23	225,674.81		CACEIS Bank, Lux. Branch
EUR	4,826,848.80	SEK	52,366,000.00	09/02/23	119,736.70		CACEIS Bank, Lux. Branch
EUR	100,353.63	USD	105,000.00	09/02/23	2,231.30	*	CACEIS Bank, Lux. Branch
EUR	44,973.94	USD	45,300.00	09/02/23	2,645.54		CACEIS Bank, Lux. Branch
GBP	1,990.00	EUR	2,300.05	09/02/23	-60.71	*	CACEIS Bank, Lux. Branch
GBP	32,200.00	EUR	36,783.18	09/02/23	-548.59	*	CACEIS Bank, Lux. Branch
GBP	14,420.00	EUR	16,666.67	09/02/23	-439.87	*	CACEIS Bank, Lux. Branch
GBP	234,100.00	EUR	267,420.61	09/02/23	-3,988.36	*	CACEIS Bank, Lux. Branch
USD	6,810.00	EUR	6,511.14	09/02/23	-146.83	*	CACEIS Bank, Lux. Branch
USD	10,360.00	EUR	9,905.34	09/02/23	-223.36	*	CACEIS Bank, Lux. Branch
USD	162,950.00	EUR	161,777.12	09/02/23	-9,491.52	*	CACEIS Bank, Lux. Branch
USD	255,400.00	EUR	253,561.68	09/02/23	-14,876.55	*	CACEIS Bank, Lux. Branch
					320,511.23		

AXIOM LUX - AXIOM SHORT DURATION BOND FUND

Currency purchased	Quantity purchased	Currency sold	Quantity sold	Maturity date	Unrealised (in EUR)		Counterparty
CHF	87,000.00	EUR	88,163.76	09/02/23	81.91	*	CACEIS Bank, Lux. Branch
CHF	9,380,000.00	EUR	9,503,834.97	09/02/23	10,468.34	*	CACEIS Bank, Lux. Branch
CHF	74,000.00	EUR	75,610.50	09/02/23	-550.96	*	CACEIS Bank, Lux. Branch
EUR	1,202,537.82	USD	1,232,000.00	09/02/23	51,301.11	*	CACEIS Bank, Lux. Branch
EUR	92,728.16	USD	95,000.00	09/02/23	3,955.85	*	CACEIS Bank, Lux. Branch
EUR	535,945.30	SEK	5,800,000.00	09/02/23	14,591.33		CACEIS Bank, Lux. Branch
EUR	48,836,147.88	GBP	42,800,000.00	09/02/23	674,474.71		CACEIS Bank, Lux. Branch
EUR	50,469,745.42	USD	50,900,000.00	09/02/23	2,908,525.34		CACEIS Bank, Lux. Branch
EUR	1,013,202.02	CHF	1,000,000.00	09/02/23	-1,114.03		CACEIS Bank, Lux. Branch
GBP	177.00	EUR	202.87	09/02/23	-3.69	*	CACEIS Bank, Lux. Branch
GBP	3,900,000.00	EUR	4,505,441.19	09/02/23	-116,779.23		CACEIS Bank, Lux. Branch
GBP	176.00	EUR	201.72	09/02/23	-3.67	*	CACEIS Bank, Lux. Branch
GBP	8,192.00	EUR	9,347.33	09/02/23	-128.89	*	CACEIS Bank, Lux. Branch
GBP	8,203.00	EUR	9,359.88	09/02/23	-129.06	*	CACEIS Bank, Lux. Branch
PLN	6,000,000.00	EUR	1,255,939.55	09/02/23	18,388.22		CACEIS Bank, Lux. Branch
USD	6,500,000.00	EUR	6,159,094.14	09/02/23	-84,492.23		CACEIS Bank, Lux. Branch
USD	151,000.00	EUR	144,318.07	09/02/23	-3,200.39	*	CACEIS Bank, Lux. Branch
USD	167,000.00	EUR	156,520.92	09/02/23	-450.38	*	CACEIS Bank, Lux. Branch
USD	1,532,000.00	EUR	1,519,050.10	09/02/23	-87,313.16	*	CACEIS Bank, Lux. Branch
USD	31,000.00	EUR	29,054.78	09/02/23	-83.60	*	CACEIS Bank, Lux. Branch
USD	18,000,000.00	EUR	17,847,847.10	09/02/23	-1,025,872.58	*	CACEIS Bank, Lux. Branch
EUR	24,808,798.59	USD	25,000,000.00	09/02/23	1,444,945.09		Goldman Sachs Intl, Paris Br
EUR	2,079,873.38	CHF	2,000,000.00	20/03/23	48,181.08		Goldman Sachs Intl, Paris Br
					3,854,791.11		

Notes to the financial statements - Schedule of derivative instruments

Forward foreign exchange contracts

AXIOM LUX - AXIOM OBLIGATAIRE

Currency purchased	Quantity purchased	Currency sold	Quantity sold	Maturity date	Unrealised (in EUR)		Counterparty
CHF	790,000.00	EUR	801,489.35	03/02/23	-377.12	*	CACEIS Bank, Lux. Branch
CHF	1,038,000.00	EUR	1,053,096.13	03/02/23	-495.51	*	CACEIS Bank, Lux. Branch
CHF	85,190.00	EUR	86,570.80	03/02/23	-182.51	*	CACEIS Bank, Lux. Branch
CHF	19,200.00	EUR	19,586.84	03/02/23	-116.77	*	CACEIS Bank, Lux. Branch
CHF	2,235,000.00	EUR	2,280,030.60	03/02/23	-13,592.84	*	CACEIS Bank, Lux. Branch
CHF	156,300.00	EUR	158,760.79	03/02/23	-262.26	*	CACEIS Bank, Lux. Branch
EUR	958,313.37	USD	1,000,000.00	03/02/23	23,422.46		CACEIS Bank, Lux. Branch
EUR	1,120,609.98	GBP	970,000.00	03/02/23	28,810.63		CACEIS Bank, Lux. Branch
EUR	18,001,193.32	USD	18,102,000.00	03/02/23	1,079,228.26		CACEIS Bank, Lux. Branch
EUR	3,483,511.38	GBP	3,000,000.00	03/02/23	106,835.54		CACEIS Bank, Lux. Branch
EUR	45,103,148.75	GBP	39,463,000.00	03/02/23	684,286.82		CACEIS Bank, Lux. Branch
EUR	153,436.63	CHF	151,020.00	03/02/23	291.97	*	CACEIS Bank, Lux. Branch
GBP	190.00	EUR	220.85	03/02/23	-6.99	*	CACEIS Bank, Lux. Branch
GBP	7,490.00	EUR	8,560.49	03/02/23	-129.71	*	CACEIS Bank, Lux. Branch
GBP	44,850.00	EUR	51,409.90	03/02/23	-926.51	*	CACEIS Bank, Lux. Branch
GBP	1,210,000.00	EUR	1,382,936.17	03/02/23	-20,953.93	*	CACEIS Bank, Lux. Branch
USD	66,450.00	EUR	62,774.55	03/02/23	-647.65	*	CACEIS Bank, Lux. Branch
USD	3,255,000.00	EUR	3,236,873.51	03/02/23	-193,637.11	*	CACEIS Bank, Lux. Branch
USD	362,000.00	EUR	338,722.96	03/02/23	-273.94	*	CACEIS Bank, Lux. Branch
USD	13,812,000.00	EUR	13,735,083.53	03/02/23	-821,663.84	*	CACEIS Bank, Lux. Branch
USD	1,450,000.00	EUR	1,361,949.94	03/02/23	-6,283.96	*	CACEIS Bank, Lux. Branch
USD	63,000.00	EUR	60,212.18	09/02/23	-1,335.27	*	CACEIS Bank, Lux. Branch
USD	250,000.00	EUR	238,937.21	09/02/23	-5,298.68	*	CACEIS Bank, Lux. Branch
					856,691.08		

AXIOM LUX - AXIOM LONG SHORT CREDIT

Currency purchased	Quantity purchased	Currency sold	Quantity sold	Maturity date	Unrealised (in EUR)	Counterparty
EUR	1,378,766.99	USD	1,400,000.00	09/02/23	70,575.36	CACEIS Bank, Lux. Branch
EUR	1,369,237.79	GBP	1,200,000.00	09/02/23	18,910.51	CACEIS Bank, Lux. Branch
					89,485.87	

The contracts that are followed by * relate specifically to foreign exchange risk hedging of shares.

Notes to the financial statements - Schedule of derivative instruments

Financial futures

As at December 31, 2022, the following future contracts were outstanding:

AXIOM LUX - AXIOM SUSTAINABLE FINANCIAL BONDS

Quantity Buy/(Sell)	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
Futures on bonds					
-15.00	EURO-OAT-FUTURES-EUX 03/23	EUR	1,360,545.00	130,050.00	CACEIS Bank, Paris
-10.00	LONG GILT FUTURE-LIF 03/23	GBP	760,298.68	64,491.41	CACEIS Bank, Paris
-10.00	US TREASURY BOND 03/23	USD	997,964.98	25,210.82	CACEIS Bank, Paris
				219,752.23	

AXIOM LUX - AXIOM EUROPEAN BANKS EQUITY

Quantity Buy/(Sell)	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
Futures on index					
3,000.00	EURO STOX BANK IDX 03/23	EUR	14,379,000.00	-62,897.50	CACEIS Bank, Paris
1,500.00	XEUR FEBD EURO STOXX 12/25	EUR	30,000.00	510,000.00	CACEIS Bank, Paris
1,000.00	XEUR FEBD EURO STOXX 12/26	EUR	20,000.00	395,750.00	CACEIS Bank, Paris
Other futures					
1,200.00	XEUR HSBG HBSC 1000 12/23	GBP	7,817,413.36	305,823.16	CACEIS Bank, Paris
				1,148,675.66	

AXIOM LUX - AXIOM SHORT DURATION BOND FUND

Quantity Buy/(Sell)	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
Futures on bonds					
-200.00	EURO-OAT-FUTURES-EUX 03/23	EUR	18,140,600.00	1,734,000.00	CACEIS Bank, Paris
-100.00	LONG GILT FUTURE-LIF 03/23	GBP	7,602,986.76	644,711.19	CACEIS Bank, Paris
-100.00	US TREASURY BOND 03/23	USD	9,979,649.85	252,393.71	CACEIS Bank, Paris
				2,631,104.90	

Notes to the financial statements - Schedule of derivative instruments

Credit Default Swaps ("CDS")

As at December 31, 2022, the following Credit Default Swaps ("CDS") were outstanding:

AXIOM LUX - AXIOM SUSTAINABLE FINANCIAL BONDS

Description/Underlying	Counterparty	Notional	Maturity	Currency	Buy/ Sell	Unrealised (in EUR)
CDS Index						
ITR EUR SNR FINANCIAL S38 MKT	Goldman Sachs Intl Ldn	10,000,000	20/12/27	EUR	Sell	6,514.95
ITR EUR SNR FINANCIAL S38 MKT	Goldman Sachs Intl Ldn	20,000,000	20/12/27	EUR	Sell	13,029.90
CDS Single Name						
UNITED KINGDOM 4.25 00-32 07/06S	J.P. Morgan AG	2,000,000	20/06/23	USD	Buy	-7,983.89
						11,560.96

AXIOM LUX - AXIOM SHORT DURATION BOND FUND

Description/Underlying	Counterparty	Notional	Maturity	Currency	Buy/ Sell	Unrealised (in EUR)
CDS Index						
ITRAXX EUROPE SERIE 30 V2	Goldman Sachs Intl, Paris Br	2,000,000	20/12/23	EUR	Sell	-197,903.76
ITRAXX EUROPE SERIE 34 V1	Goldman Sachs Intl, Paris Br	2,000,000	20/12/25	EUR	Sell	-550,238.52
CDS Single Name						
ILFC 8.25 10-20 15/12S	Goldman Sachs Intl Ldn	2,000,000	20/06/25	USD	Buy	-212,673.91
CMA CGM SA 7.50 20-26 15/01S	J.P. Morgan AG	1,000,000	20/06/27	EUR	Sell	23,631.70
CMA CGM SA 7.50 20-26 15/01S	J.P. Morgan AG	1,000,000	20/06/27	EUR	Sell	23,631.70
ROLLS ROYCE PLC 0.875 18-24 09/05A	J.P. Morgan AG	1,000,000	20/06/24	EUR	Buy	14,876.14
						-898,676.65

AXIOM LUX - AXIOM OBLIGATAIRE

Description/Underlying	Counterparty	Notional	Maturity	Currency	Buy/ Sell	Unrealised (in EUR)
CDS Single Name						
LINDT SPRUE	J.P. Morgan AG	1,000,000	20/12/24	EUR	Sell	-11,146.36
LINDT SPRUE	J.P. Morgan AG	4,000,000	20/12/24	EUR	Sell	-44,585.44
						-55,731.80

AXIOM LUX - AXIOM LONG SHORT CREDIT

Description/Underlying	Counterparty	Notional	Maturity	Currency	Buy/ Sell	Unrealised (in EUR)
CDS Index						
CDX NA HY SERIE 37 V1	BNP Paribas Paris	4,950,000	20/12/26	USD	Buy	-135,195.64
ITRAXX XOVER S37 V1 MKT	BNP Paribas Paris	1,000,000	20/06/27	EUR	Sell	22,415.71
CDX NA HY SERIE 38 V2	Goldman Sachs Intl Ldn	3,920,400	20/06/27	USD	Buy	-76,936.62
CDX NA HY SERIE 38 V2	Morgan Stanley Bk AG	4,900,500	20/06/27	USD	Buy	-96,170.76
CDS Single Name						
ALTICE FINCO SA 4.75 17-28 15/01S	BNP Paribas Paris	500,000	20/12/25	EUR	Buy	30,078.24
ALTICE FRANCE SA 5.8750 18-27 01/02S	BNP Paribas Paris	500,000	20/12/26	EUR	Buy	27,965.26
CASINO GUICHARD 1.865 17-22 20/04A	BNP Paribas Paris	500,000	20/06/26	EUR	Sell	-223,631.50
FORD MOTOR CO 4.346 16-26 08/12S 08/12S	BNP Paribas Paris	500,000	20/12/25	USD	Buy	-24,951.04
RENAULT SA 3.125 14-21 05/03A	BNP Paribas Paris	500,000	20/12/25	EUR	Buy	14,981.40
GRIFOLS SA 3.20 17-25 01/05S	Goldman Sachs Intl, Paris Br	500,000	20/12/26	EUR	Buy	13,095.37
INTERNATIONAL CONSOL 0.50 19-23 04/07A	Goldman Sachs Intl, Paris Br	500,000	20/12/26	EUR	Buy	-1,154.09
DEUTSCHE LUFTHA 0.2500 19-24	Goldman Sachs Intl Ldn	500,000	20/12/25	EUR	Buy	16,362.60

Notes to the financial statements - Schedule of derivative instruments

Credit Default Swaps ("CDS")

AXIOM LUX - AXIOM LONG SHORT CREDIT

Description/Underlying	Counterparty	Notional	Maturity	Currency	Buy/ Sell	Unrealised (in EUR)
CDS Single Name						
06/09A						
UNITED GROUP BV 3.625 20-28 15/08S	J.P. Morgan AG	500,000	20/12/25	EUR	Buy	65,606.94
DEUTSCHE LUFTHA 0.2500 19-24 06/09A	Morgan Stanley Bk AG	500,000	20/12/26	EUR	Buy	29,696.64
FAURECIA SE 3.125 19-26 15/06S	Morgan Stanley Bk AG	500,000	20/06/27	EUR	Sell	7,900.75
						-329,936.74

Notes to the financial statements - Schedule of derivative instruments

Total Return Swaps ("TRS")

As at December 31, 2022, the following Total Return Swaps ("TRS") were outstanding:

AXIOM LUX - AXIOM EUROPEAN BANKS EQUITY

Nominal	Currency	Maturity	Counterparty	Sub-fund paid	Sub-fund received	Unrealised (in EUR)
100.00	TRY	28/02/25	SGR Société Générale Paris	TRY LIBOR OVERNIGHT	AXIOMTRY INDEX	0.00
100.00	HUF	28/02/25	SGR Société Générale Paris	HUF BUBOR OVERNIGHT	AXIOMHUF INDEX	0.00
100.00	PLN	28/02/25	SGR Société Générale Paris	PLN WIBOR OVERNIGH	AXIOMPLN INDEX	0.00
100.00	DKK	28/02/25	SGR Société Générale Paris	DKK CIBOR OVERNIGHT	AXIOMDKK INDEX	0.00
100.00	CZK	28/02/25	SGR Société Générale Paris	CZK PRIBOR OVERNIGHT	AXIOMCZK INDEX	0.00
100.00	SEK	28/02/25	SGR Société Générale Paris	SEK STIBOR OVERNIGHT	AXIOMSEK INDEX	0.00
100.00	GBP	28/02/25	SGR Société Générale Paris	GBP OVERNIGHT COMPOUNDED RATE	AXIOMGBP INDEX	0.00
100.00	NOK	28/02/25	SGR Société Générale Paris	NOK OIBOR 1 MONTH	AXIOMNOK INDEX	0.00
100.00	CHF	28/02/25	SGR Société Générale Paris	CHF OVERNIGHT COMPOUNDED RATE	AXIOMCHF INDEX	0.00
100.00	EUR	28/02/25	SGR Société Générale Paris	EURO SHORT TERM RATE COMPOUNDED	AXIOMEUR INDEX	0.00
						0.00

AXIOM LUX - AXIOM LONG SHORT CREDIT

Nominal	Currency	Maturity	Counterparty	Sub-fund paid	Sub-fund received	Unrealised (in EUR)
843,196.67	EUR	09/02/23	BNP-Paribas SA Paris	EUR SHORT TER RATE	INTRUM 3.5% 15/07/2026 REG S	-16,256.66
363,621.84	EUR	09/02/23	BNP-Paribas SA Paris	EUR SHORT TERM RAT	TI AUTOMOTIV FINANCE PLC 3.75%	-13,009.04
360,032.08	GBP	09/02/23	BNP-Paribas SA Paris	GBP OVERNIGHT COMPOUNDED RATE	HEATHROW FINANCE PLC	-27,666.93
360,032.08	GBP	09/02/23	BNP-Paribas SA Paris	GBP OVERNIGHT COMPOUNDED RATE	HEATHROW FINANCE PLC	-27,666.95
732,196.67	USD	09/02/23	BNP-Paribas SA Paris	USD SOFR COMPOUNDED	US780153AW20 AXIOM	-2,111.34
906,717.50	USD	09/02/23	BNP-Paribas SA Paris	GUNVOR GROUP 6.25%	USD SOFR COMPOUNDED	12,891.38
498,850.69	USD	09/02/23	BNP-Paribas SA Paris	USD SOFR COMPOUNDED	CLARIOS GLOBAL 6 1/4 05/15/26	3,995.34
						-69,824.20

AXIOM LUX

Other notes to the financial statements

Other notes to the financial statements

1 - General information

AXIOM LUX (the “Company”) is an open-ended collective investment company (“*société d’investissement à capital variable*” or “SICAV”) established under the laws of the Grand Duchy of Luxembourg and registered under part I of the Luxembourg law of December 17, 2010, as amended, concerning undertakings for collective investment. The Company qualifies as an Undertaking for Collective Investment in Transferable Securities under the Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities. The Company was initially incorporated on March 27, 2015 and is managed by Axiom Alternative Investments on the basis of freedom of services pursuant to chapter 15 of the law.

The Company is registered with the *Registre de Commerce et des Sociétés, Luxembourg*, under number B196052 and is established at 5, allée Scheffer, L-2520 Luxembourg.

The Management Company was incorporated as a French Private Limited Liability Company (*société à responsabilité limitée*). The Management Company is registered with the Registre de Commerce et des Sociétés de Paris under number RCS 492.625.470. The Management Company is authorised and supervised by the Autorité des Marchés Financiers as a Portfolio Manager under Licence number GP 0600039 since December 1, 2006.

As the date of the report, the following sub-funds are active:

Sub-funds	Currency
AXIOM SUSTAINABLE FINANCIAL BONDS	EUR
AXIOM EUROPEAN BANKS EQUITY	EUR
AXIOM SHORT DURATION BOND FUND	EUR
AXIOM OBLIGATAIRE	EUR
AXIOM OPTIMAL CRITERIA	EUR
AXIOM LONG SHORT CREDIT	EUR

The sub-fund Share Classes have been issued in registered from:

Share Class	Ccy	Target Investors
C, CG, D, G,I, J	EUR	All investors
R	EUR/USD	All investors for whom distribution, promotion and subscription to the sub-fund is done primarily through the network of distribution platforms dedicated to wealth management advisors and financial advisors
M	CHF**	All investors wishing to have full and systematic hedging against currency risk
B, BC	USD**	All investors wishing to have full and systematic hedging against currency risk
E and IE	GBP**	All investors wishing to have full and systematic hedging against currency risk
Z	EUR	UCIT, investment funds and accounts managed by Axiom Alternative Investments and the staff of Axiom Alternative Investments
A	EUR	Investors that were holding shares in Class A of the sub-fund as of 31 December 2020 and certain other investors as determined by the Management Company in its sole and absolute discretion
P	EUR	Investors that were holding shares in Class P of the sub-fund as of 31 August 2020 and certain other investors as determined by the Management Company in its sole and absolute discretion
		For the sub-fund AXIOM SUSTAINABLE FINANCIAL BONDS
R	EUR	All sophisticated investors for whom distribution, promotion and subscription to the sub-fund is done primarily through the network of distribution platforms dedicated to wealth management advisors and financial advisors

*** For the Classes of Shares denominated in currencies other than EUR, the sub-fund will enter into currency hedging transactions in order to cover the currency risks.*

2 - Principal accounting policies

2.1 - Presentation of the financial statements

The Company’s financial statements have been prepared and presented in accordance with the Luxembourg regulations relating to undertakings for collective investment in transferable securities.

The financial statements of the Fund and each of its Sub-Funds have been prepared on a going concern basis of accounting except for Axiom Optimal Criteria, which is going to liquidate as detailed in Note 13, and has been prepared on a non-going concern basis of accounting. The application of the non-going concern basis of accounting has not lead to material adjustments to the Sub-Fund's published net asset value at year-end.

Other notes to the financial statements

2 - Principal accounting policies

2.2 - Portfolio valuation

Securities listed on a Stock Exchange or traded on any other regulated market are valued at the last available closing price on such stock exchange or market. If a security is listed on several Stock Exchanges or markets, the last available price on the Stock Exchange or market which constitutes the main market for such security will be prevailing.

Unlisted securities or financial instruments are valued on the basis of their value realisation as determined by the Board of Directors or their delegate using valuation principles in order to reach a proper and fair valuation.

2.3 - Net realised profits or losses on sales of investments

Net realised gain or loss on sales of investments are calculated on the basis of the average cost of the investments sold.

2.4 - Foreign currency translation

The Company's financial statements are expressed in EUR.

Transaction and acquisition costs denominated in foreign currencies are converted into the accounting currency of each Compartment based on the exchange rate in force on the date of the transaction or acquisition. Assets and liabilities denominated in foreign currencies are converted into the accounting currency of each Compartment based on the exchange rate in force at the end of the financial period.

As at 31 December 2022, the following exchange rates were used:

1 EUR	=	1.57375	AUD	1 EUR	=	1.44605	CAD	1 EUR	=	0.98745	CHF
1 EUR	=	24.154	CZK	1 EUR	=	7.43645	DKK	1 EUR	=	0.88725	GBP
1 EUR	=	10.5135	NOK	1 EUR	=	4.68125	PLN	1 EUR	=	11.12025	SEK
1 EUR	=	1.4314	SGD	1 EUR	=	1.06725	USD				

2.5 - Combined financial statements

The various items appearing in the combined financial statements of the Company are equal to the sum of the corresponding items in the financial statements of each sub-fund and are drawn up in EUR.

A Sub-Fund may subscribe, acquire and/or hold units to be issued or issued by one or more Sub-Funds of the Company.

As at December 31, 2022, the total of cross-investments within sub-fund investments amounts to EUR 7,936,911.36.

The total combined NAV at year-end without cross-investments amounts to EUR 981,849,085.19. As at December 31, 2022, the cross-investments within the SICAV are as follow:

Sub-funds	**Cross investment**	**Amount (in EUR)**
AXIOM LUX - AXIOM SHORT DURATION BOND FUND	Axiom Long Short Credit Zc EUR	2,206,175.00
AXIOM LUX - AXIOM SHORT DURATION BOND FUND	Axiom Sustainable Financial Bonds Zc EUR	5,730,736.36
		7,936,911.36

2.6 - Valuation of options contracts

Financial options are valued at the last settlement or close price on the stock exchanges or regulated markets. Unrealised appreciation and depreciation on financial options are recorded in the statement of net assets and their variations in the statement of operations and other changes in net assets.

For the details of outstanding financial options, please refer to the section "Notes to the financial statements - Schedule of derivative instruments".

2.7 - Valuation of forward foreign exchange contracts

Forward foreign exchange contracts are valued at forward market rates for the remaining period from valuation date to the maturity of the contracts. Realised and movements in unrealised profits and losses are recorded in the statement of operations and other changes in net assets. Unrealised appreciation and depreciation on financial forward foreign exchange contracts are recorded in the statement of net assets and their variations in the statement of operations and other changes in net assets.

For the details of outstanding forward foreign exchange contracts, please refer to the section "Notes to the financial statements - Schedule of derivative instruments".

Other notes to the financial statements

2 - Principal accounting policies

2.8 - Valuation of futures contracts

Financial futures are valued at the last settlement or close price on the stock exchanges or regulated markets. Unrealised appreciation and depreciation on financial futures are recorded in the statement of net assets and their variations in the statement of operations and other changes in net assets.

For the details of outstanding financial futures, please refer to the section “Notes to the financial statements - Schedule of derivative instruments”.

2.9 - Valuation of swaps

Swaps are valued at their fair market value based upon the last known price of the underlying assets.

Credit Default Swap (CDS) are market to model daily based upon spread of the market makers as the unrealised appreciation/depreciation is recorded under “Unrealised appreciation/depreciation on swaps”, in the Statement of Net Assets. The movement in such accounts is recorded under “Movement in net unrealised appreciation/depreciation on swaps” and the realised under “Net realised profit/loss on swaps” in the Statement of Operations and Changes in Net Assets.

Total Return Swap (TRS) is a derivative contract in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty. “Net realised profit / loss on swaps” and “Movement in net unrealised appreciation / depreciation on swaps” are included in the Statement of Operations and Changes in Net Assets.

For the details of outstanding swaps contracts, please refer to the section “Notes to the financial statements - Schedule of derivative instruments”.

2.10 - Dividend and interest income

Dividend income is accounted for on an ex-dividend basis, net of withholding tax. Interest income is recognised on an accrual basis.

2.11 - Formation expenses

Set-up costs and expenses are charged to the Company and are amortised over a period of five years. Set-up costs of new Sub-Funds are fully charged to the Sub-Fund concerned and are amortised for a period not exceeding five years.

2.12 - Abbreviations used in securities portfolios

A: Annual
Q: Quarterly
S: Semi-annual
M: Monthly
FL.R : Floating Rate Notes
XX: Perpetual Bonds
ZCP: Zero Coupon Bond

3 - Management Company fees

The rates applicable as at December 31, 2022 are as follows:

The Management Company is entitled to receive from the Company a Management Company fee calculated and accrued on each valuation day as a percentage of the net assets attributable to the relevant Class of Shares and payable monthly in arrears.

Sub-funds	Class of Shares	Effective rate (per annum)
AXIOM SUSTAINABLE FINANCIAL BONDS	C	0.80%
	D	0.80%
	R	1.30%
	Z	0.05%
AXIOM EUROPEAN BANKS EQUITY	BC	2.00%
	C	2.00%
	D	1.00%
	E	0.65%
	I	1.00%
	IB	1.00%
	IE	0.55%
	J	1.20%
	M	2.00%
	R	2.50%
	Z	0.05%
AXIOM SHORT DURATION BOND FUND	B	1.00%
	C	1.00%
	CHF	1.00%
	D	1.00%
	E	0.60%
	H	0.90%
	IE	0.50%
	R EUR	1.50%
	R USD	1.50%
	Z	0.05%
AXIOM OBLIGATAIRE	BC	2.00%
	C	2.00%
	D	1.20%
	E	0.70%
	G	1.20%
	I	1.20%
	IB	0.75%
	IE	0.50%
	IM	0.75%
	J	0.75%
	M	2.00%
	R	2.00%
	Z	0.05%
AXIOM OPTIMAL CRITERIA	C	0.50%
AXIOM LONG SHORT CREDIT	A	0.80%
	B	1.10%
	CG	1.10%
	E	1.10%
	IE	0.50%
	M	1.10%
	P	0.50%
	R	1.50%
	Z	0.05%

4 - Performance fees

In addition, the Management Company may also be entitled to receive a performance fee for each Class of Shares, accrued on each valuation day and payable at the end of the calculation period (i.e. year). The performance fees are based on a comparison between the performance of the sub-fund and its benchmark index over the reference period.

Reference Period
The Company applies a five (5) years reference period, applied on a rolling basis. The Reference Period refers to the time horizon over which the performance is measured and compared with that of the Reference NAV, at the end of which the mechanism for the compensation for Negative Bonus can be reset.

Other notes to the financial statements

4 - Performance fees

Calculation Period

The calculation period for each Sub-Fund is equal to the Company's financial year, or since launch of the relevant Class to the end of the first full financial year.

In the event that a shareholder redeems prior to the end of a calculation period, any accrued but unpaid performance fees relating to those shares shall be paid.

The Management Company is entitled to receive a performance fee applicable to the share classes of the sub-funds and as disclosed in the prospectus:

- AXIOM SUSTAINABLE FINANCIAL BONDS

No Performance fee for the sub-fund.

- AXIOM EUROPEAN BANKS EQUITY

Performance fees are based on a comparison between the performance of the sub-fund and its benchmark index (defined hereafter) over the reference period.

The benchmark index is the Stoxx Europe 600 Banks Net Return.

Performance fees are calculated over a 12-month reference period coinciding with the financial year.

Performance is calculated by comparing the variation of the assets of the sub-fund with that of a benchmark fund which has accurately tracked the benchmark index over the period and registered the same subscription and redemption variations as the actual sub-fund.

- If, over the reference period, the performance of the sub-fund (with coupons reinvested) exceeds that of the benchmark fund, then the performance fees shall amount:

to 20% of the differential between the sub-fund’s performance and that of its benchmark fund for the BC, C, D, I, J, M and R share classes;
to 10% of the differential between the sub-fund’s performance and that of its benchmark fund for the E and IE share classes.

- If, over the reference period, the performance of the sub-fund is lower than that of the benchmark fund, then the performance fees will be zero. Over the following reference period, performance fees will not be subject to a provision until the underperformance accumulated by the sub-fund’s net assets (relative to its benchmark fund) during the previous reference period is compensated for.

- If, over the reference period, the sub-fund’s performance since the beginning of the reference period is greater than that of the benchmark fund (calculated over the same period), this outperformance will be subject to a provision for potential performance fees at the time of NAV calculation.

- If the sub-fund’s momentarily underperforms the benchmark fund between two NAV calculation dates, then any provision previously made will be adjusted through a reversal of provision. Such reversals cannot exceed the amount of provisions previously accumulated.

The performance fees will be paid to the Management Company at the end of the reference period, only if, over that period, the sub-fund’s performance exceeds that of the benchmark fund. Any redemption made during the period will onset the advance payment of their contribution to the performance fees.

The performance fees will be charged directly to the sub-fund’s profit & loss account.

As at December 31, 2022, the amount due as performance fee for the year ended was EUR 1,139,866.15.

No performance fees for Class Z shares.

AXIOM SHORT DURATION BOND FUND

No performance fee for the sub-fund.

- AXIOM OBLIGATAIRE

Performance fees are based on a comparison between the performance of the sub-fund and its benchmark index (defined hereafter) over the reference period.

The composite index : 40% of ICE BofAML Euro Financial Index, 40% of ICE BofAML Euro Corporate Index and 20% of ICE BofAML Contingent Capital Index.

Performance fees are calculated over a 12-month reference period coinciding with the financial year.

Performance is calculated by comparing the variation of the assets of the sub-fund with that of a benchmark fund which has accurately tracked the benchmark indices over the reference period and registered the same subscription and redemption variations as the actual sub-fund.

Other notes to the financial statements

4 - Performance fees

- If, over the reference period, the performance of the sub-fund performance (with coupons reinvested) exceeds that of the benchmark fund, then the performance fees shall amount:

to 20% of the differential between the sub-fund's performance and that of its benchmark fund for the BC, C, D, G, I, J, M and R share classes;
to 10% of the differential between the sub-fund's performance and that of its benchmark fund for the E and IE share classes.

- If, over the reference period, the performance of the sub-fund is lower than that of the benchmark fund, then the performance fees will be zero. Over the following reference period, performance fees will not be subject to a provision until the underperformance accumulated by the sub-fund's net assets (relative to benchmark fund) during the previous reference period is compensated for.

- If, over the reference period, the sub-fund's performance since the beginning of the reference period is greater than that of the benchmark fund (calculated over the same period), this outperformance will be subject to a provision for potential performance fees at the time of NAV calculation.

- If the sub-fund's momentarily underperforms the benchmark fund between two NAV calculation dates, then any provision previously made will be adjusted through a reversal of provision. Such reversals cannot exceed the amount of provisions previously accumulated.

The performance fees will be paid to the Management Company at the end of the reference period, only if, over that period, the sub-fund's performance exceeds that of the benchmark fund. Any redemption made during the period will onset the advance payment of their contribution to the performance fees.

The performance fees will be charged directly to the sub-fund's profit & loss account.

As at December 31, 2022, the amount due as performance fee for the year ended was EUR 493,809.95.

No performance fees for Class Z shares

- AXIOM OPTIMAL CRITERIA

No Performance fee for the sub-fund.

- AXIOM LONG SHORT CREDIT

Each year, performance fees are calculated, by comparing on exercise, the evolution of the assets of the Compartment (excluding performance fees and including reinvested dividends) to the Adjusted High Water Mark, as further defined below. Performance fees are calculated over a 12-month reference period coinciding with the financial year (the "Calculation Period").

The Initial Issue Price will be taken as the starting price of the first Calculation Period.

This High Water Mark aims to catch up the underperformance of the past reference periods.

The High Water Mark is defined as the larger of the following two figures:

• the last highest Adjusted Net Asset Value per Share Class for which a performance fee has been paid over the Reference period; and
• the first adjusted Net Asset Value per Share Class.

In the event of subscriptions and redemptions, the calculation of the Performance Fee is adjusted to prevent these subscriptions and redemptions impacting on the amount of the performance fee.

The point at which any performance fee becomes payable to the Management Company. Crystallisation will occur either at the end of a financial year if a performance fee is paid or on the dealing day when a shareholder redeems, converts or transferts all or part of this shareholding either at his own initiative of following the closure or merger of the compartment (such crystallisation to occur only in respect of the proportion of the shares being redeemed, converted ot transferred).

The performance fee is equal to the outperformance of the adjusted Net Asset Value per share over the reference NAV during the calculation period.

Performance is calculated by comparing the variation of the assets of the Compartment with that of the Adjusted High Water Mark.

- If, over the calculation period, the performance of the Compartment (with coupons reinvested) exceeds that of the Adjusted High Water Mark, then the performance fees shall amount to the relevant percentage rate per annum for each of the relevant share classes (the "relevant percentage") of the differential between the Compartment's performance and that of its Adjusted High Water Mark.

- If, over the calculation period, the performance of the Compartment is lower than that of the Adjusted High Water Mark, then the performance fees will be zero.

- If, over the calculation period, the Compartment's performance since the beginning of the reference period is greater than that of the Adjusted High Water Mark (calculated over the same period), this outperformance will be subject to a provision for potential performance fees at the time of NAV calculation.

Other notes to the financial statements

4 - Performance fees

- If the Compartment's momentarily underperforms the Adjusted High Water Mark between two NAV calculation dates, then any provision previously made will be adjusted through a reversal of provision. Such reversals cannot exceed the amount of provisions previously accumulated.

The Performance Fee is payable within fifty (50) Business Days from the end of the relevant year. There is no maximum value of Performance Fee that could become payable to the Management Company. If there is a net redemption, dividend and/or conversion of Shares at any Valuation Day before the end of the Calculation Period, any accrued Performance Fee with respect to such redeemed Shares will crystallize on that valuation and will then become payable.

The performance fees will be paid to the Management Company at the end of the Calculation Period, only if, over that period, the Compartment's performance exceeds that of the Adjusted High Water Mark. Any redemption made during the period will onset the advance payment of their contribution to the performance fees.

The performance fees will be charged directly to the Compartment's profit & loss account.

As at December 31, 2022, no Performance fee was charged for the sub-fund.

In application of the ESMA Guidelines on performance fees (ESMA34-39-992) and Circular CSSF 20/764, the table below displays the actual amount of performance fees charged by each relevant Share Class and the percentage of these fees based on the Share Class Net Asset Value ("NAV"). Only the Share Classes for which performance fees have been charged are shown below:

Sub-funds	Share Class	ISIN Code	Sub-funds currency	Amount of performance fees as at 31/12/22 (in Sub-fund currency)	Average NAV of the Share Class (in Sub-fund currency)	% in the Share Class average NAV
AXIOM EUROPEAN BANKS EQUITY	BC - USD - Cap	LU1876459568	EUR	847.30	127,433.20	0.66
	C - EUR - Cap	LU1876459212	EUR	152,582.30	22,128,872.70	0.69
	D - EUR - Dis	LU2336814749	EUR	(1,904.56)	491,944.53	0.39
	E - GBP - Cap	LU2249462792	EUR	232.68	36,221.75	0.77
	I - EUR - Cap	LU2249462958	EUR	296,619.01	29,160,638.24	1.02
	IB - USD - Cap	LU2336815043	EUR	7,387.84	186,327.67	3.96
	IE - GBP - Cap	LU2336815126	EUR	3,564.47	161,561.43	2.21
	J - EUR - Cap	LU2249462875	EUR	69,707.20	7,775,181.17	0.90
	M - CHF - Cap	LU1876459485	EUR	(818.65)	51,164.82	1.60
	R - EUR - Cap	LU1876459303	EUR	611,648.56	47,349,632.09	1.29
AXIOM OBLIGATAIRE	BC - USD - Cap	LU1876461036	EUR	17,759.84	3,741,184.24	0.47
	C - EUR - Cap	LU1876460731	EUR	123,155.79	96,513,762.02	0.13
	D - EUR - Dis	LU1876460814	EUR	44,661.71	26,880,348.67	0.17
	E - GBP - Cap	LU1876461200	EUR	37.25	891,387.24	0.00
	G - EUR - Cap	LU1876461622	EUR	9,038.58	5,234,640.46	0.17
	I - EUR - Cap	LU1876461465	EUR	36,898.69	47,379,237.57	0.08
	IB - USD - Cap	LU2336815472	EUR	74.01	14,678,974.13	0.00
	IE - GBP - Cap	LU2336815555	EUR	24.69	9,440.01	0.26
	IM – CHF - Cap	LU2336815399	EUR	1,682.87	1,528,339.15	0.11
	J - EUR - Cap	LU1876461549	EUR	217,344.62	65,125,830.87	0.33
	M - CHF - Cap	LU1876461119	EUR	1,009.14	889,593.19	0.11
	R - EUR - Cap	LU1876460905	EUR	42,122.76	27,273,672.56	0.15
				1,633,676.10		

The performance amounts of the above-table are those accrued from 1 January 2022 to 31 December 2022 and are not necessarily indicative of future amounts paid for the whole year.

5 - Administration fees

The Depositary and the Administrative Agents receive remuneration from the Company on the basis of business practice in Luxembourg. These fees are calculated on the basis of the daily net assets of the sub-funds and are payable monthly in arrears.

6 - Transaction fees

The Depositary is entitled to be reimbursed by the Company for transaction fees and expenses in relation with the buying and selling of securities and financial instruments.

Other notes to the financial statements

7 - Subscription tax *("Taxe d'abonnement")*

Under current law and practice, the Company is not liable to any Luxembourg income tax, nor are dividends paid by the Company liable to any Luxembourg withholding tax.

However, any Class reserved to retail investors is liable in Luxembourg to a “taxe d’abonnement” of 0.05% per annum of its net assets and those reserved to institutional investors is liable in Luxembourg to a “taxe d’abonnement” of 0.01% per annum of its net assets. Such tax being payable quarterly and calculated on the total net asset value of each Class at the end of the relevant quarter.

The “taxe d’abonnement” is not applicable for underlying funds which already pay it.

8 - Securities lending

As at year-end, the market value of the securities on loan open is as follows:

Sub-funds	Market value of securities on loan (in EUR)	Collateral received in cash (in EUR)
AXIOM SHORT DURATION BOND FUND	19,028,553.25	20,817,452.01
	19,028,553.25	**20,817,452.01**

Sub-funds	Market value of securities on loan (in EUR)	Collateral received in cash (in EUR)
AXIOM OBLIGATAIRE	23,385,338.30	21,347,472.95
	23,385,338.30	**21,347,472.95**

For the year ended December 31, 2022, the securities lending income generated by the Fund is as follows:

Sub-funds	Ccy	Total gross amount on securities lending income	Direct-indirect cost on securities lending income	Total net amount on securities lending income
AXIOM SUSTAINABLE FINANCIAL BONDS	EUR	391.41	117.42	273.99
AXIOM EUROPEAN BANKS EQUITY	EUR	922.00	276.60	645.40
AXIOM SHORT DURATION BOND FUND	EUR	262,801.47	78,840.44	183,961.03
AXIOM OBLIGATAIRE	EUR	298,040.80	89,412.24	208,628.56

The total net amount on securities lending income are recorded under “Other financial income” in the Statement of Operations and Changes in Net Assets.

9 - Repurchase agreements

AXIOM LUX - AXIOM LONG SHORT CREDIT

Denomination of underlying securities		Ccy	Amounts borrowed (in EUR)	Maturity date	Market value (in EUR)	Counterparty
SOFTBANK GROUP	5.25 15-27 30/07S	EUR	313,560.00	30/07/27	349,244.00	BNP Paribas Paris
			313,560.00		**349,244.00**	

10 - Dividend distributions

The Fund distributed the following dividends during the year ended December 31, 2022:

Sub-funds	Share class	ISIN	Ccy	Dividend	Ex-date	Payment date
AXIOM LUX - AXIOM SHORT DURATION BOND FUND	D - EUR - Distribution	LU1876460657	EUR	14.28	26/07/22	29/07/22
AXIOM LUX - AXIOM OBLIGATAIRE	D - EUR - Distribution	LU1876460814	EUR	27.47	26/07/22	29/07/22

Other notes to the financial statements

11 - Collateral

As at 31 December 2022, the collateral received or paid which is composed of margin deposits for financial futures and options and collateral held or paid in order to reduce exposure on OTC derivatives is detailed as follows:

Name of sub-funds	Sub-fund ccy	Counterparty	Type of collateral	Collateral received in	Collateral paid in
AXIOM SUSTAINABLE FINANCIAL BONDS	EUR	Caceis Bank Luxembourg	Cash	EUR 1,260,000.00	-
		JP Morgan AG	Cash	-	EUR 232,987.87
AXIOM EUROPEAN BANKS EQUITY	EUR	Caceis Bank Luxembourg	Cash	EUR 320,000.00	-
AXIOM SHORT DURATION BOND FUND	EUR	Caceis Bank Luxembourg	Cash	EUR 2,260,000.00	-
		Goldman Sachs International	Cash	-	USD 360,000.00
		JP Morgan AG	Cash	-	EUR 428,930.24
AXIOM OBLIGATAIRE	EUR	Caceis Bank Luxembourg	Cash	EUR 630,000.00	-
		JP Morgan AG	Cash	-	EUR 64,711.95
AXIOM LONG SHORT CREDIT	EUR	Morgan Stanley & Co International Plc	Cash	-	USD 460,000.00
		Goldman Sachs International	Cash	-	EUR 110,000.00
		JP Morgan AG	Cash	-	EUR 833,059.70
		BNP Paribas	Cash	-	EUR 690,000.00

12 - Changes in the composition of securities portfolio

The details of the changes in portfolio composition for the year ended December 31, 2022 are at the disposal of the Shareholders at the registered office of the Company and are available upon request free of charge.

13 - Subsequent events

- With effect on January 1, 2023, the Board of Directors decided to change the name of the Sub-Fund AXIOM SUSTAINABLE FINANCIAL BONDS to AXIOM CLIMATE FINANCIAL BONDS.

- The Board of Directors decided to closed the Sub-Fund AXIOM OPTIMAL CRITERIA, the last NAV was calculated on March 14, 2023.

AXIOM LUX

Additional unaudited information

Additional unaudited information

Remuneration policy

1 Introduction:

The remuneration policy implemented by Axiom AI is consistent with the risks to which it is likely to be exposed, in particular sustainability risks. The principles adopted do not encourage risk-taking to the detriment of clients' interests.

Remuneration is individual and negotiated when the contract is signed by Axiom's management.

Depending on the position held and the degree of responsibility, the overall remuneration is therefore composed of a fixed and a variable component:

- -The fixed component remunerates skill, experience, level of qualification and involvement in the tasks assigned
- The variable component remunerates quantitative and/or qualitative achievements measured on the basis of observed performance and individual assessments in relation to the objectives set. It is determined according to the market (local and/or business line), the results generated by the activity and the achievements in relation to the objectives. It is not an entitlement and is set each year in accordance with the remuneration policy for that year and the governance principles in force. Objectives are set individually and/or collectively and on the basis of qualitative and quantitative criteria. They are discussed and validated with the relevant employee and management
- Profit-sharing: a profit-sharing agreement may be concluded. The purpose of such a profit-sharing agreement is to distribute part of the company's profits to employees with at least three months' seniority as of 30 December of the financial year in question. The calculation methods used to trigger payment of the profit-sharing are detailed in the profit-sharing agreement.
- Incentives: as with profit-sharing, an incentive agreement may be concluded to enable employees to benefit from the good performance and results of the Management Company. The methods for calculating the achievement of economic and financial objectives are set out in the incentive agreement.

A profit-sharing and incentive scheme has also been set up, as well as a company savings plan. These types of remuneration is not equivalent to remuneration subject to the UCITS V or AIFM directive.

Employee remuneration is reviewed annually by the Remuneration Committee, based on the annual appraisals carried out by the line managers.

This policy is formalised and forms an integral part of the collection of procedures. It is updated annually to take into account regulatory changes.

Axiom AI will comply with the 16 "general" principles present in Annex II of the AIFM Directive.

2 Governance and creation of a remuneration committee

The Remuneration Committee is made up of three members of the Management Board elected for three years. It applies the remuneration policy, which provides for each employee to receive variable remuneration based on results, as well as on the in-depth analysis of the annual assessment interviews. The Remuneration Committee shall be responsible for determining the remuneration of the company's employees and managers for each calendar year.

The Committee shall submit proposals for the remuneration of the Managers for each calendar year to the vote of the General Meeting.

3 Persons identified as concerned

The identified staff consists of all the members of the management board, most of whom hold operational functions that also fall under the category of "identified staff".

The Compliance and Internal Control Officer-secretary general, the risk controller and the portfolio managers are also included in the "identified staff" category.

No employee receives a fixed and discretionary variable remuneration included in his or her employment contract.. Where applicable, for any new employee, such a variable contractual remuneration would only be provided for in respect of the first year following recruitment.

i) The identified staff in charge of risk management and compliance functions

Variable remuneration (excluding the company savings plan - PEE) for staff in charge of risk management and compliance functions is determined independently of the performance of the UCITS. It takes into account the individual's performance, i.e. his or her ability to achieve the objectives previously set by his or her line manager, which must include the effectiveness of risk management, particularly with regard to the continuous monitoring and assessment of the company's overall remuneration policy (including sustainability risks). It is also determined by taking into consideration the company's overall financial situation.

ii) Identified staff who are not in charge of risk management and compliance functions

The variable remuneration (excluding the PEE) of identified staff who are not in charge of risk management and compliance functions is determined on the basis of a multifactorial assessment. The following shall be taken into consideration:

- Individual performance and behaviour (including compliance, ESG values, entrepreneurship, etc.)
- Appropriate management of risks including sustainability risks, where applicable.
- The performance of the UCITS(s) managed or of the operational unit in question

Additional unaudited information

Remuneration policy

- The company's financial profitability

In addition, this category of staff may be granted a guaranteed variable remuneration for a maximum of one year and exclusively at the time of recruitment.

4 Terms of payment of variable remuneration

The variable remuneration component granted to the identified staff reflects sustainable and risk-adjusted performance.

If the gross variable remuneration paid to an employee identified as a risk taker exceeds €200,000 and represents more than 30% of his or her annual fixed remuneration, Axiom applies the rules set out below to the entire corresponding variable remuneration.

Variable remuneration paid to risk takers takes into account two principles arising from regulations:

By taking into account a deferred payment mechanism which is organised as follows:

- 60% of the variable remuneration paid at the immediate end of the accumulation period (before the end of the fourth month following the last financial year)
- 40% paid deferred over three years (1/3 per year, after a one-year retention period). If the variable component represents a particularly high amount, the payment of at least 60% of this amount is deferred

Taking into account a payment of 50% of the variable in cash, and an additional 50%:

- either in units of UCIs (the UCI or UCIs from which the variable remuneration originates)
- or in cash indexed to one or two funds representing the potential beneficiary's individual activity

The combination of these two principles leads to the payment of variables in the following ways:

- 60% payable in cash immediately
- 40% payable deferred over three years
- either in units of UCIs (the UCI or UCIs from which the variable remuneration originates)
- or in cash indexed to one or two funds representing the potential beneficiary's individual activity

<u>The deferred variable remuneration vesting mechanism</u>

The variable part of the deferred remuneration should be considered as definitively vested by the employee only at the time of payment by the company and if the vesting conditions for the deferred variable remuneration stipulated in the following paragraph are met. Axiom AI has set up a deferral mechanism for the part of the deferred variable remuneration that will be definitively vested and paid to the employee if the following conditions are met:

- The employee has not been dismissed for real and serious cause on the date of payment of the deferred part of the variable remuneration,
- The employee has not been dismissed for professional incompetence on the date of payment of the deferred part of the variable remuneration,
- In the case of a resignation of the employee or the manager on the date of payment of the part of the deferred variable remuneration, the latter must not be qualified as a Bad Leaver. Indeed, when an employee or manager resigns, the board of managers may qualify the resigning person as Bad Leaver on the basis of proof of fraudulent behaviour or a serious error or any behaviour of taking risk not controlled or not in line with the investment strategy,
- Financial situation: whether the company's results allow it to pay the deferred variable remuneration on the scheduled payment date.

5 Alignment with risk

Axiom does not have a discretionary pension policy (including on departure).

AXIOM has not set up a system allowing the granting of golden parachutes and shall not pay this type of remuneration.

The cash portion of the deferred variable remuneration may be subject to a downward adjustment of up to 100% of its amount if, on the date of its theoretical payment, any of the following conditions is met:

- AXIOM's operating income for the previous year was negative
- Average assets under management fell by more than 50% in the previous year
- The average annual return on UCITS units as recorded for the financial year preceding the vesting is less than - 30%.

<u>Penalty and clawback mechanism (variable remuneration above the proportionality thresholds)</u>

The penalty mechanism prevents the vesting of all or part of the sum of deferred remuneration based on the risk or performance results of the staff member granted variable remuneration, but also that of his or her operational unit or department, the asset funds under management, the company and the group. A clawback mechanism makes it possible to obtain from the staff member in question the return of ownership of an amount of the variable remuneration granted that has been vested, but not yet paid. These mechanisms are applied in the following cases:

— Evidence of fraudulent conduct or serious error by the staff member;

Additional unaudited information

Remuneration policy

- A significant decline in the financial performance of the fund managed by the staff member, the operational unit to which the staff member is assigned or the company or group;
- A finding that there are serious shortcomings in the risk management of the fund managed by the staff member, the operational unit to which the staff member is assigned or the company;
- A significant change in the overall financial position of the company or the group.

If a decision to adjust the deferred variable compensation downwards were to be taken, it would uniformly affect all of the persons concerned.

To date, the management company has not implemented a discretionary pension policy that can be paid in cash or financial instruments and prohibits any form of hedging against changes in remuneration caused by payment instruments.

6 Reporting

AXIOM declares that it complies with and has taken all necessary measures to comply with the publication requirements, provided for in articles 411-107, 411-113 and 411-121 of the AMF General Regulation and article 33 as well as in annexes XIII and XIV of AMF instruction no. 2011-19.

7 Statement of compliance

The portfolio management company declares that it complies with points 1 to 12 and 16 to 18 of I of Article 314-85-2 of the AMF General Regulation and Article 2 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

8 Monitoring and updating of policy compliance

This policy is formalised and forms an integral part of the collection of procedures. It is updated annually to take into account regulatory changes.

The remuneration policy follows the recommendations of the AMF and professional associations in this area and takes into account the new standards introduced by the AIFM Directive, subject to the application of the principle of proportionality.

The balance of remuneration between the fixed and variable components is already complied with. The variable remuneration criteria are based on both collective and individual performance. The policy in place does not encourage risk-taking by the relevant staff and avoids any measures to circumvent the regulations.

Compliance is monitored annually inter alia by executive management and the Compliance and Internal Control Officer

- Monitoring of compliance with due diligence requirements;
- Monitoring of remuneration decisions taken by the remuneration committee;
- Monitoring of the updating of the remuneration policy on an annual basis.

9 Regulatory references

Directive 2009/65/EC (consolidated)
Article L.533-22-2 of the French Monetary and Financial Code
Article 314-85-2 of the AMF's General Regulation
UCITS 5 guide for portfolio management companies
ESMA guidelines on remuneration

In fiscal 2022, the total remuneration (including fixed and variable deferred and non-deferred) paid by Axiom Alternative Investments to all its employees (22 FTE) amounted to €2,924,000.

- Total amount of fixed compensation related to the financial year: €1,920,000.
- Total amount of deferred and non-deferred variable compensation related to the financial year: € 1,004,000.

The total remuneration of senior management and members of staff of the Asset Manager whose actions have a material impact on the risk profile of the Company during the period was €4,035,000:

- Total amount of fixed remuneration related to the financial year: €2,150,000.
- Total amount of deferred and non-deferred variable compensation related to the financial year: € 1,885,000.

Additional unaudited information

Global exposure calculation method

The Sub-Fund Axiom Long Short Credit is monitored under the absolute Value-at-Risk (VaR) calculation method.

The level of leverage of the Compartment, based on the "sum of notionals" approach (as per box 25 of the Guidelines 10/788 of the ESMA, formerly CESR), is generally not expected to exceed 200% of the net asset value under normal circumstances. Shareholders should note that the above expected leverage level is an average and a representative guide only and should not be regarded as imposing regulatory limits which may not be exceeded. The actual level of leverage within the Compartment may be higher, under certain circumstances, or lower than disclosed.

The average leverage factor over the year, calculated as the sum of the absolute notional values of the derivative instruments used, is 159.71%.

In this calculation, all the individual leverage factors created by each derivative instrument used by the Sub-Fund are added together.

Axiom uses an historical VaR Method.

The VaR limit is 20 % of the NAV.The confidence level is 99%. The holding period is 20 days and as for the observation period, it is 2 years.

The lowest utilisation of VaR limit is 1.23% the highest 6.28% and average 3.54%.

All other Sub-Funds of the Company use the commitment approach in order to monitor and measure the global exposure.

Additional unaudited information

Securities Financing Transactions Regulation (SFTR) Disclosures

TOTAL RETURN SWAPS ("TRS")	AXIOM LONG SHORT CREDIT
Assets used	*In EUR*
In absolute terms	69,824.20
As a % of total net asset value	0.34
Transactions classified according to residual maturities	*In EUR*
Less than 1 day	-
From 1 day to 1 week	-
From 1 week to 1 month	-
From 1 month to 3 months	69,824.20
From 3 months to 1 year	-
Above 1 year	-
Open maturity	-
The 10 largest counterparties	*In EUR*
First name	BNP Paribas
Gross volumes for open trades	69,824.20
First country of domicile	France
Second name	-
Gross volumes for open trades	-
Second country of domicile	-
Third name	-
Gross volumes for open trades	-
Third country of domicile	-
Collateral received	*In EUR*
Type:	-
Cash	-
Quality	-
Currency	-
Classification according to residual maturities:	-
Less than 1 day	-
From 1 day to 1 week	-
From 1 week to 1 month	-
From 1 month to 3 months	-
From 3 months to 1 year	-
Above 1 year	-
Open maturity	-
The 10 largest issuers of collateral received	*In EUR*
First name	N/A
Amount	N/A
Revenue and expenditure components	*In EUR*
Revenue component of the Compartment:	
In absolute amount	2,841,012.05
In % of gross revenue	100%
Expenditure component of the Compartment	1,624,310.43
Revenue component of the Management Company:	
In absolute amount	-
In % of gross revenue	-
Revenue component of third parties	
In absolute amount	-
In % of gross revenue	-

There is no reuse of cash collateral related to TRS's transactions. All trades open at the end of the year have been transacted through bilateral settlement.
Revenue component and expenditure component of the Compartments include interests, dividends, realised and change in unrealised on TRS.

Additional unaudited information

Securities Financing Transactions Regulation (SFTR) Disclosures

SECURITIES LENDING TRANSACTIONS	AXIOM SHORT DURATION BOND FUND	AXIOM OBLIGATAIRE
Assets used	*In EUR*	*In EUR*
In absolute terms	19,028,553.25	23,385,749.28
As a % of lendable assets	4.29	7.93
As a % of total net asset value	4.10	7.77
Transactions classified according to residual maturities	*In EUR*	*In EUR*
Less than 1 day	-	-
From 1 day to 1 week	-	-
From 1 week to 1 month	-	-
From 1 month to 3 months	-	-
From 3 months to 1 year	-	-
Above 1 year	-	-
Open maturity	19,028,553.25	23,385,749.28
Collateral received	*In EUR*	*In EUR*
Type:	-	
Cash	20,817,452.01	21,347,472.95
Quality	-	-
Classification according to residual maturities:	-	-
Less than 1 day	-	-
From 1 day to 1 week	-	-
From 1 week to 1 month	-	-
From 1 month to 3 months	-	-
From 3 months to 1 year	-	-
Above 1 year		-
Open maturity	-	-
Revenue and expenditure components	*In EUR*	*In EUR*
Revenue component of the Compartment:		
In absolute amount	262,801.47	298,040.80
In % of gross revenue	70%	70%
Expenditure component of the Compartment		
Revenue component of third parties		
In absolute amount	78,840.44	89,412.24
In % of gross revenue	30%	30%
SECURITIES LENDING TRANSACTIONS	AXIOM SUSTAINABLE FINANCIAL BOND	AXIOM EUROPEAN BANK EQUITY
Assets used	*In EUR*	*In EUR*
In absolute terms	-	-
As a % of lendable assets	-	-
As a % of total net asset value	-	-
Transactions classified according to residual maturities	*In EUR*	*In EUR*
Less than 1 day	-	-
From 1 day to 1 week	-	-
From 1 week to 1 month	-	-
From 1 month to 3 months	-	-
From 3 months to 1 year	-	-
Above 1 year	-	-
Open maturity	-	-
Collateral received	*In EUR*	*In EUR*
Type:	-	
Cash	-	-
Quality	-	-
Classification according to residual maturities:	-	-
Less than 1 day	-	-
From 1 day to 1 week	-	-
From 1 week to 1 month	-	-
From 1 month to 3 months	-	-
From 3 months to 1 year	-	-
Above 1 year		-
Open maturity	-	-
Revenue and expenditure components	*In EUR*	*In EUR*
Revenue component of the Compartment:		
In absolute amount	391.41	922.00
In % of gross revenue	70%	70%
Expenditure component of the Compartment		
Revenue component of third parties		
In absolute amount	117.42	276.60
In % of gross revenue	30%	30%

Each sub-fund has BNP Paribas Paris as sole counterparty for repurchase agreement positions.

Additional unaudited information

Securities Financing Transactions Regulation (SFTR) Disclosures

REPURCHASE AGREEMENT TRANSACTIONS	AXIOM LONG SHORT CREDIT
Assets used	*In EUR*
In absolute terms	313,560.00
As a % of total net asset value	1.51
Transactions classified according to residual maturities	*In EUR*
Less than 1 day	-
From 1 day to 1 week	-
From 1 week to 1 month	-
From 1 month to 3 months	-
From 3 months to 1 year	-
Above 1 year	-
Open maturity	313,560.00
Collateral received	*In EUR*
Type: Cash (borrowed at the beginning of the transaction)	-
Currency: EUR	-
Collateral paid	*In EUR*
Type: Cash (borrowed at the beginning of the transaction)	-
	In EUR
Currency: EUR	-
Revenue components	*In EUR*
Revenue component of the fund:	
In absolute amount	12,176.92
In % of gross revenue	60%
Revenue component of third parties	
In absolute amount	4,870.77
In % of gross revenue	40%

Additional unaudited information

SFDR (Sustainable Finance Disclosure Regulation)

Axiom Long short credit
Article SFDR 6

The Compartment falls under the scope of the article 6 of SFDR.The Management Company does not integrate Sustainability risks nor the Principal Adverse Impacts in this sub Fund due to the complexity of their integration in the strategy. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Axiom Sustainable Financial Bonds **Legal entity identifier:** 549300GQD0A7PU5S7566

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It made **sustainable investments with an environmental objective:** 100%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Compartment supports the climate mitigation objective, it does so through the use of the Axiom Climate Readiness Score (ACRS), which is a proprietary methodology that scores the climate performance of insurers and banks. Performance is defined by both: i. their integration of climate related risks in the insurers and banks processes and products; ii. their support to climate mitigation through their investment and lending portfolios and products. Actions on the latter are measured quantitatively for banks and qualitatively for insurers. In the case of banks an Implied Temperature Rate is calculated based on syndicated loan data, in the case of insurers their own disclosure is used. By looking at this information over time the Management Company can understand if investees are steering their portfolios to support the Paris Agreement goals.

In addition, the fund applies an ESG best in class strategy, excluding 20% of the worse scored companies.

- ***How did the sustainability indicators perform?***

Sustainability Theme	Indicator	Value
Environmental	Axiom Climate Readiness Score	43,7%
	Implied Temperature Rise	2,6°C
Social	Average ratio of female to male board members in investee companies	38%
	Number of active social litigation cases	11
Environmental and Social	ESG score	69

- ***…and compared to previous periods?***

NA, this is the first period provided.

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The fund supports the sustainable investment objective of climate mitigation. We defined Sustainable Investments in financial institutions as investments in banks and insurance companies that from a climate change standpoint demonstrate significant efforts to mitigate climate change, follow good governance practices and do not significantly harm other environmental and social objectives.

Significant efforts to mitigate climate change are defined through the minimum performance thresholds of our climate methodology, the Axiom Climate Readiness Score. These are: i. At least 30% in corporate engagement (Pillar #1); ii. At least 25% in the weighted average of Climate risks and opportunities management (Pillar #2) and Contribution to the low-carbon transition (#3). In addition, banks corporate lending portfolio temperature today have a high temperature (>3°C) and need to be signatories of the Principles for Responsible Banking.

By investing in bonds of these banks and insurance companies the fund steers its investments towards issuers that have expressed the intention to contribute to climate mitigation, that have taken demonstrable actions and that can be considered leaders in the topic.

A small share of this fund is invested in sovereign debt. We have defined Sustainable Investments in sovereign debt as investments in governments that from a climate change standpoint have set net zero targets that are considered "acceptable" by the Climate Action Tracker.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

How were the indicators for adverse impacts on sustainability factors taken into account?

The Principal Adverse Impact (PAI) indicators were considered in order to understand if the sustainable investments were not doing significant harm to other environmental and social objectives not addressed by our definition of sustainable investments (SI). In addition, for completeness we considered as well the Greenhouse Gas (GHG) related PAI indicators as we do not use them in our definition due to their limited materiality and usability. Scope 1 and 2 GHG emissions are less than 1% of financials' total GHG emissions, and scope 3 emissions of lending/investment portfolios are either not available or not reliable as they are based on top down estimates.

During the reporting period, the fund invested in 44 companies considered as sustainable investments. The PAI of companies complying with our sustainable investments definition were compared against the values of companies in the fund's universe. Hereby we summarize some of the results of this analysis:

- No companies are active in the fossil fuel sector (PAI 4), nor in businesses related to controversial weapons (PAI 14). However, this is expected as our definition of sustainable investments only covers financials.
- Several companies underperform the universe average values:
  - 5 companies in the case of PAI 3 (GHG Intensity). This is the only GHG related PAI that accounts for the size of the company.
  - Between 14 to 21 companies in the case of PAI 1, which looks at the different scopes of GHG emissions. Two of these companies represent the highest value in the fund's universe, however, this does not mean the issuer cause significant harm, as as mentioned above, in the case of financials the GHG emissions indicators have limited materiality and usability.
  - 2 companies have a share of non-renewable energy consumption and production lower than the average (PAI 5), one of these represents an extreme value. This is however a relative metric (%), in absolute terms, this company's production from non-renewable sources is below average, as such, the issuer is not considered to cause significant harm.
  - 5 companies with less than average policies to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11).

    - 15 to 17 companies in the case of the gender related PAIs (PAI 12 and 13).
- Data coverage in three indicators is very poor for three PAIs (PAI 7, 8, and 9), even with the use of two data providers. These indicators are however not material for the sector covered by our definition of sustainable investment i.e. the direct impact of financial institutions on biodiversity, emissions to water and production of hazardous waste is very low and even inexistent in most cases. We will continue to monitor our providers coverage and take corrective measures if it does not improve over time.

In terms of the voluntary PAI, Axiom AI considers two: i. Investments in companies without carbon emission reduction initiatives; and ii. Number of convictions of fines for violation of anti-corruption and anti-bribery laws. In the case of the first PAI, all SI have committed to targets in line with the Paris Agreement objectives and are taking actions to achieve them. In the case of the second, there are 3 out of the 18 financial institutions covered that have paid fines, the coverage of this indicator is however poor at this stage.

Note: PAI 2 (Carbon footprint) and 6 (energy consumption intensity per high impact climate sector) are not in the scope of analysis, PAI 2 is a portfolio level indicator and PAI 6 addresses high impact sectors, and thus the financial sector is not concerned.

In the case of the sovereign bonds related sustainable investments, PAIs were estimated, while no country is involved social violations, some countries do register high GHG emissions intensities (all European). This was expected. We will continue the monitoring of these countries, and in particular their reduction of GHG emissions over time.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details

Yes, none of the SI have been associated with a potential violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as per our data provider. More details on its methodology can be found here.

How did this financial product consider principal adverse impacts on sustainability factors?

2022 was the first year for the integration of the Principal Adverse Impacts (PAIs) in our monitoring, during this year multiple data challenges arrived (e.g. changes in the indicators and data sources used by our data provider to more suitable ones) as well as clarifications from the European Commission regarding the calculation of some PAIs. This had an impact on our monitoring plans for the PAI, in particular, in terms of impact in asset allocation and related discussions. 2023 will be a more active year for PAI monitoring as most of the issues experienced in 2022 have been resolved.

The following table summarizes our PAI values as of December 2022:

Adverse Sustainability Impact	Adverse Sustainability Factor	Metric	Value 2022
Mandatory Indicators			
Environmental	1. GHG emissions	Scope 1 GHG emissions (tonnes CO2e/m EUR)	4,77
		Scope 2 GHG emissions (tonnes CO2e/m EUR)	14,65
		Scope 3 GHG emissions (tonnes CO2e/m EUR)	215,96
		Total GHG emissions (tonnes CO2e/m EUR)	235,38
	2. Carbon footprint	Carbon footprint (tonnes CO2e/m EUR)	6,30
	3. GHG intensity of investee companies	GHG intensity (tonnes CO2e/m EUR)	22,21
Social	11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	4,20%
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	19,31
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (0 to 1)	38%
Voluntary Indicators			
Environmental	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement (Yes 1 No 0)	1%
Social	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies (#)	9

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01/2022 – 12/2022

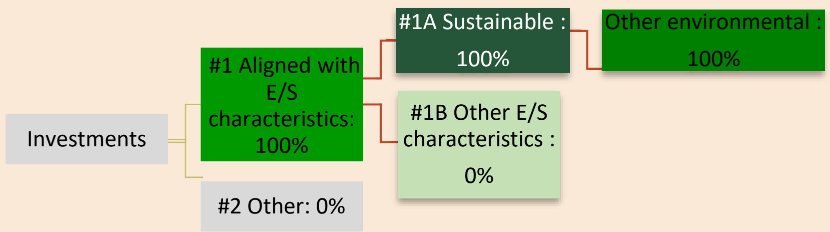
Largest investments	Sector	% Assets	Country
BNP Paribas	Banks	5,1%	FR
Caixabank SA	Banks	4,5%	ES
Repubblica Italiana	Sovereign	4,3%	IT
La Banque Postale	Banks	4,2%	FR
BBVA SA	Banks	3,7%	ES
Standard Chartered PLC	Banks	3,4%	GB
Crédit Agricole SA	Banks	3,4%	FR
AIB Group PLC	Banks	3,3%	IE
Bankinter SA	Banks	3,2%	ES
Natwest Group PLC	Banks	3,1%	GB
Société Générale	Banks	2,9%	FR
Bonos del Estado	Sovereign	2,8%	ES
Barclays PLC	Banks	2,7%	GB
Aviva PLC	Insurance	2,7%	GB
Republic of Portugal	Sovereign	2,6%	PT

Note: The top holdings presented were calculated taking the average of the monthly share of investments in each company, they do not considered investments in CDS Index and Bonds Futures.

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?

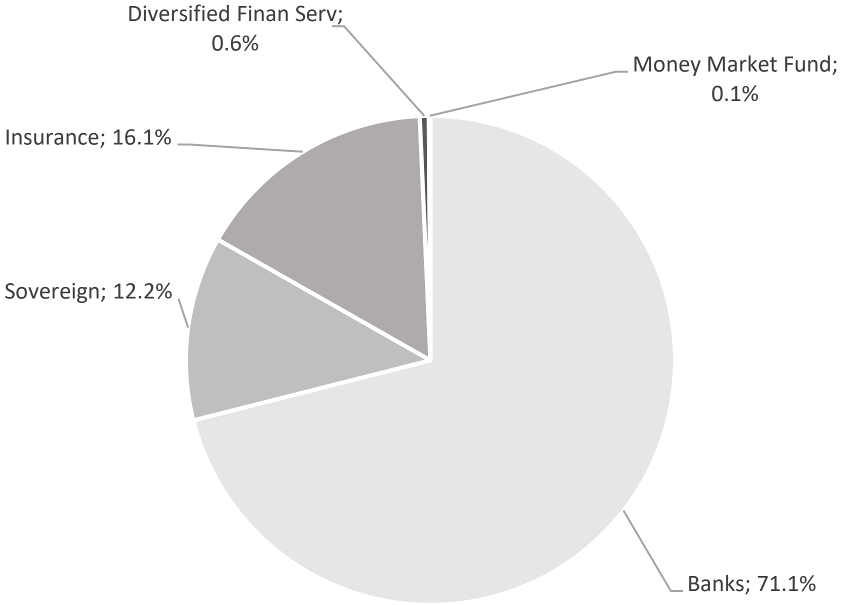


#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- ***In which economic sectors were the investments made?***



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1] ?**

☐ Yes:

☐ In fossil gas ☐ In nuclear gas

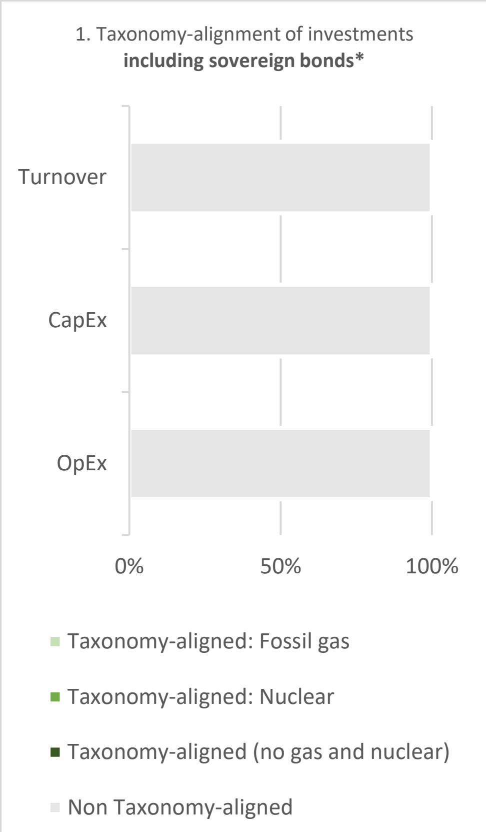
☒ No

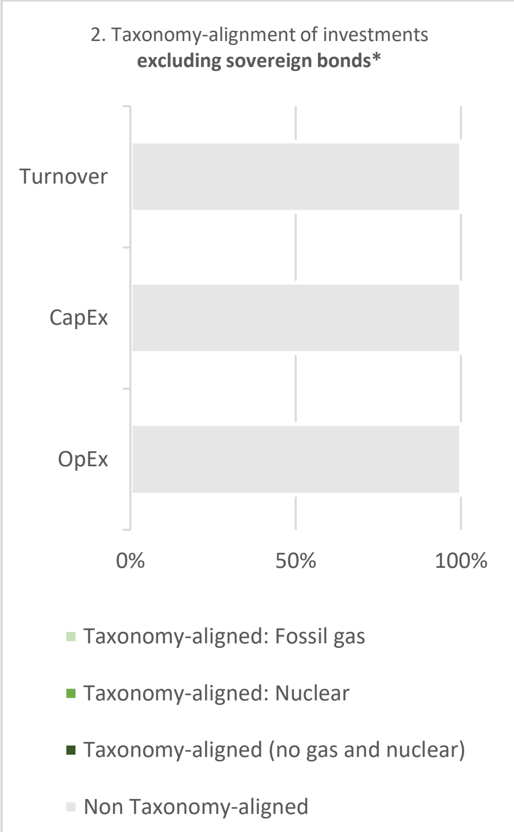
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

0% of the Compartment's investments are taxonomy-aligned. Since banks will not disclose their data until 2024, the Compartment will report a share of 0% of investments in taxonomy aligned activities as data providers do not have enough visibility on banks' lending portfolios and their estimates include several assumptions the Axiom AI is not comfortable using.

- ***What was the share of investments made in transitional and enabling activities?***

0% of the Compartment's investments are in transitional and enabling activities. Since banks will not disclose their data until 2024, the Compartment will report a 0% minimum share of investments in transitional and enabling activities as data providers do not have enough visibility on banks' lending portfolios and their estimates include several assumptions the Management Company is not comfortable using.

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

There are no previous reference periods.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

100%. Axiom AI has only defined sustainable investments for financial sectors companies. This is a sector that historically has invested in all the real economy and not just a segment of it. However, their power to transform the economy into a green/sustainable one is much more important than that of any company in the real economy. That is the reason why Axiom AI does not define sustainable investments as per the EU taxonomy definition. However, from 2024 we will be able to report on the % of taxonomy-aligned investments the fund has through its investments in banks and insurers and these issuers will start to report this data during 2023.

What was the share of socially sustainable investments?

The product made no investment in socially sustainable investments.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

There were no investments included in "other".

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The monitoring of the environmental and social characteristics of the product is ensured in different forms. The pre-trade and post-trade system controls for breaches regarding our exclusion list and the ESG thresholds of the fund (ESG performance and coverage). The portfolio manager has an internal tool to simulate portfolio changes on these ESG constraints before the trading order is sent. These actions ensured the fund met the environmental and social characteristics of the product.

How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No ESG reference benchmark is used, the benchmark (Stoxx Europe 600 Banks Net Return) is not an index which integrates environmental and social considerations.

- ***How does the reference benchmark differ from a broad market index?***

  Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

  Not applicable.

- ***How did this financial product perform compared with the broad market index?***

  Not applicable.

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name: Axiom European Banks Equity **Legal entity identifier:** 549300TDAFVQTIIWNP54

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☐ Yes	☒ No
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 79,8% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Compartment promotes the following environmental and social characteristics:

Environmental:

Factors relating to both the direct and indirect impact of banks activities on the environment are considered. Among the direct ones, the ESG scores include the assessment of their operational eco-efficiency including GHG emissions, energy use and water use and disposal. The assessment of indirect activities is as well included in the ESG scores notably looking at the climate strategy of lending portfolios as well as risk assessment. This information is complemented by an internal methodology called the Axiom Climate Readiness Score which provides a much more robust assessment of banks' climate performance.

The rationale for this additional analysis is driven by Axiom's conviction that the European banking sector plays a key role in the achievement of the Paris Agreement as it finances more than 70% of the EU economy. The energy transition will therefore not happen without banks' action. There is therefore a need to use more robust methodologies that help to understand how banks are steering their portfolios to finance the sector and activities needed for the energy transition to happen.

Social:

The ESG scores include indicators related to banks' practices in terms of human capital development, talent attraction and retention, financial inclusion, labor practices, human rights, and Occupational Health & Safety. In addition, the controversies database is used to analyze banks' good behavior in their selling practices as it monitors banks' exposure to litigation cases and settlements resulting from poor consumer protection practices.
There is no reference benchmark designated for the environmental and social characteristics promoted by the Compartment.

The ESG score of the Compartment has to be higher than the score of the universe. The ESG analysis covers at least 90% of Compartment's investments in the case of large cap instruments and at least 75% in the case of mid and small cap instruments combined. During the whole period the compartment had an ESG score higher than that of its universe and the ESG coverage was on average higher than 90%. The environmental and social characteristics of the product were thus met.

How did the sustainability indicators perform?

Sustainability Theme	Indicator	Value
Environmental	Axiom Climate Readiness Score	44.1%
	Implied Temperature Rise	2.7°C
Social	Average ratio of female to male board members in investee companies	40%
	Number of active social litigation cases	10
Environmental and Social	ESG score	61

…and compared to previous periods?

NA, this is the first period provided.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The fund supports the sustainable investment objective of climate mitigation. We defined Sustainable Investments in financial institutions as investments in banks and insurance companies that from a climate change standpoint demonstrate significant efforts to mitigate climate change, follow good governance practices, and do not significantly harm other environmental and social objectives.

Significant efforts to mitigate climate change are defined through the minimum performance thresholds of our climate methodology, the Axiom Climate Readiness Score. These are: i. At least 30% in corporate engagement (Pillar #1); ii. At least 25% in the weighted average of the pillars Climate risks and opportunities management (Pillar #2) and Contribution to the low-carbon transition (Pillar #3). In addition, banks corporate lending portfolio temperature cannot have a temperature of >3°C and need to be signatories of the Principles for Responsible Banking.

By investing in the stocks of these banks and insurance companies the fund steers its investments towards issuers that have expressed the intention to contribute to climate mitigation, that have taken demonstrable actions and that can be considered climate leaders.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

How were the indicators for adverse impacts on sustainability factors taken into account?

The Principal Adverse Impact (PAI) indicators were considered in order to understand if the sustainable investments were not doing significant harm to other environmental and social objectives not addressed by our definition of sustainable investments (SI). In addition, for completeness we considered as well the Greenhouse Gas (GHG) related PAI indicators as we do not use them in our definition due to their limited materiality and usability. Scope 1 and 2 GHG emissions are less than 1% of financials' total GHG emissions, and scope 3 emissions of lending/investment portfolios are either not available or not reliable as they are based on top-down estimates.

During the reporting period, the fund invested in 17 companies considered as sustainable investments. The PAI of companies complying with our sustainable investments definition were compared against the values of companies in the fund's universe. Hereby we summarize some of the results of this analysis:

- No companies are active in the fossil fuel sector (PAI 4), nor in businesses related to controversial weapons (PAI 14). However, this is expected as our definition of sustainable investments only covers financials.
- All companies outperform the universe average values in the case of PAI 5 which looks at the share of non-renewable energy consumption and production.
- Some companies underperform the universe average values, however their performance is far from the worst performers in the universe, and thus we conclude they do not cause significant harm:
  - 3 companies in the case of PAI 3 (GHG Intensity). This is the only GHG related PAI that accounts for the size of the company.

- Between 6 to 9 companies in the case of PAI 1, which looks at the different scopes of GHG emissions.
- One company with less than the average number of policies to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11).
- 4 to 5 companies in the case of the gender related PAIs (PAI 12 and 13).

- Data coverage in three indicators is very poor for three PAIs (PAI 7, 8, and 9), even with the use of two data providers. These indicators are however not material for the sector covered by our definition of sustainable investment i.e. the direct impact of financial institutions on biodiversity, emissions to water, and production of hazardous waste is very low and even inexistent in most cases. We will continue to monitor our providers coverage and take corrective measures if it does not improve over time.

In terms of the voluntary PAIs, Axiom AI considers two: i. Investments in companies without carbon emission reduction initiatives; and ii. Number of convictions of fines for violation of anti-corruption and anti-bribery laws. In the case of the first PAI, all SI have committed to targets in line with the Paris Agreement objectives and are taking actions to achieve them. In the case of the second, there are 2 out of the 9 financial institutions covered that have paid fines, the coverage of this indicator is however poor at this stage.

Note: PAI 2 (Carbon footprint) and 6 (energy consumption intensity per high impact climate sector) are not in the scope of analysis, PAI 2 is a portfolio level indicator and PAI 6 addresses high impact sectors, and thus the financial sector is not concerned.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Yes, none of the SI have been associated with a potential violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as per our data provider. More details on its methodology can be found here.

How did this financial product consider principal adverse impacts on sustainability factors?

2022 was the first year for the integration of the Principal Adverse Impacts (PAIs) in our monitoring, during this year multiple data challenges arrived (e.g. changes in the indicators and data sources used by our data provider to more suitable ones) as well as clarifications from the European Commission regarding the calculation of some PAIs. This had an impact on our monitoring plans for the PAI, in particular, in terms of impact on asset allocation and related discussions. 2023 will be a more active year for PAI monitoring as most of the issues experienced in 2022 have been resolved.

The following table summarizes our PAI values during the reporting period:

Adverse Sustainability Impact	Adverse Sustainability Factor	Metric	Value 2022
Mandatory Indicators			
Environmental	1. GHG emissions	Scope 1 GHG emissions (tonnes CO2e/m EUR)	8,08
		Scope 2 GHG emissions (tonnes CO2e/m EUR)	28,06
		Scope 3 GHG emissions (tonnes CO2e/m EUR)	181,14
		Total GHG emissions (tonnes CO2e/m EUR)	217,28
	2. Carbon footprint	Carbon footprint (tonnes CO2e/m EUR)	2,83
	3. GHG intensity of investee companies	GHG intensity (tonnes CO2e/m EUR)	25,68
Social	11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	4,19%
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	21,91
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (0 to 1)	40%
Voluntary Indicators			
Environmental	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement (Yes 1 No 0)	3%
Social	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies (#)	4

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01/2022 – 12/2022

What were the top investments of this financial product?

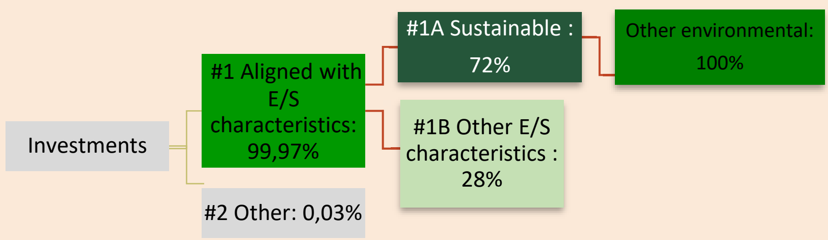
Largest investments	Sector	% Assets	Country
HSBC Holdings PLC	Banks	7,3%	GB
Intesa San Paolo	Banks	6,1%	IT
Société Générale	Banks	5,9%	FR
Deutsche Bank AG	Banks	5,5%	DE
Unicredit SA	Banks	4,8%	IT
Banco Santander SA	Banks	4,6%	ES
Erste Group Bank	Banks	4,4%	AT
Unicaja Bank SA	Banks	4,2%	ES
Commerzbank AG	Banks	4,2%	DE
AIB Group PLC	Banks	4,1%	IE
Swedbank AB	Banks	4,1%	SE
Virgin Money UK	Banks	3,0%	GB
KBC Groep	Banks	3,5%	BE
BNP Paribas	Banks	3,5%	FR
BPER Banca SPA	Banks	3,4%	IT

Note: The top holdings presented were calculated taking the average of the monthly share of investments in each company, they do not considered investments in equity index and equity dividend futures.

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?

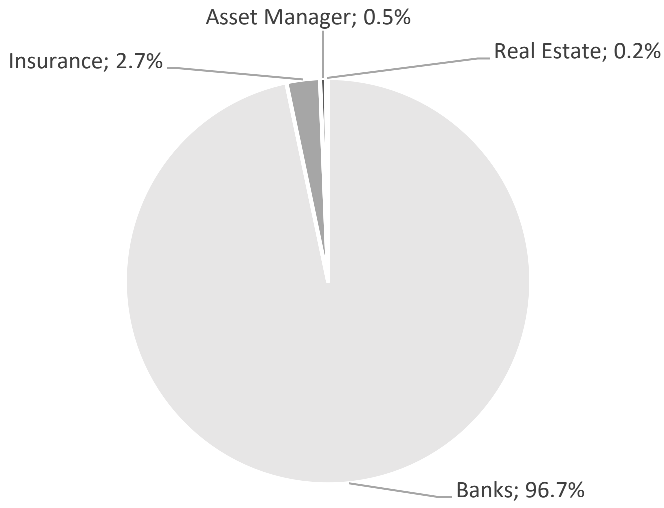


#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1] ?**

☐ Yes:

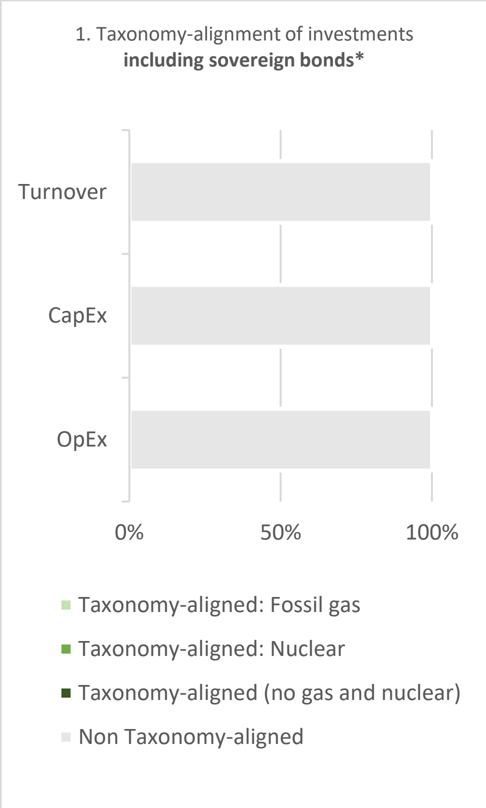
☐ In fossil gas ☐ In nuclear gas

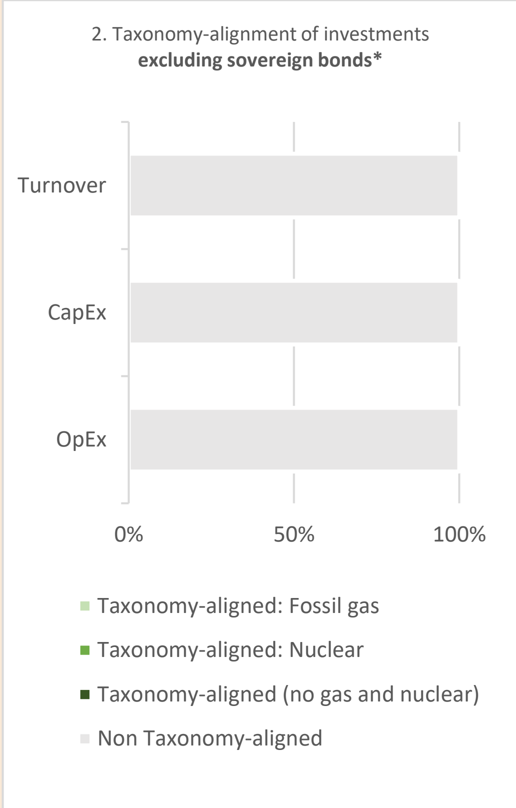
☒ No

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

0% of the Compartment's investments are taxonomy-aligned. Since banks will not disclose their data until 2024, the Compartment will report a share of 0% of investments in taxonomy aligned activities as data providers do not have enough visibility on banks' lending portfolios and their estimates include several assumptions the Axiom AI is not comfortable using.

- ***What was the share of investments made in transitional and enabling activities?***

  0% of the Compartment's investments are in transitional and enabling activities. Since banks will not disclose their data until 2024, the Compartment will report a 0% minimum share of investments in transitional and enabling activities as data providers do not have enough visibility on banks' lending portfolios and their estimates include several assumptions the Management Company is not comfortable using.

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

There are no previous reference periods.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

100%. The product does not invest in real economy companies but rather on financial institutions. It is a sector that historically has invested in all the real economy and not just a segment of it. However, their power to transform the economy into a green/sustainable one is much more important than that of any company in the real economy. That is the reason why Axiom AI does not define sustainable investments as per the EU taxonomy definition. However, from 2024 we will be able to report on the % of taxonomy-aligned investments the fund has through its investments in banks and insurers and these issuers will start to report this data during 2023.

What was the share of socially sustainable investments?

The product made no investment in socially sustainable investments.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Investments included under "#2 Other" are in companies for which ESG ratings are not available. The Compartment invests in mid and small cap issuers, issuers for which ESG data is poorly available. Minimum environmental and social safeguards are however covered through the application of the sectoral and thematic policies available here: http://axiom-ai.com/web/data/documentation/Thematic-And-Sectoral-Exclusions.pdf

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The monitoring of the environmental and social characteristics of the product is ensured in different forms. The pre-trade and post-trade system controls for breaches regarding our exclusion list and the ESG thresholds of the fund (ESG performance and coverage). The portfolio manager has an internal tool to simulate portfolio changes on these ESG constraints before the trading order is sent. These actions ensured the fund met the environmental and social characteristics of the product.

How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No ESG reference benchmark is used, the benchmark (Stoxx Europe 600 Banks Net Return) is not an index which integrates environmental and social considerations.

- ***How does the reference benchmark differ from a broad market index?***

Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

  Not applicable.

- ***How did this financial product perform compared with the broad market index?***

  Not applicable.

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Axiom Short Duration Bond Fund **Legal entity identifier:** 549300ES12I14FSSHT65

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 42,6% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Compartment promotes the following environmental and social characteristics:

Environmental:

Financial institutions: Factors relating to both the direct and indirect impact of banks activities on the environment are considered. Among the direct ones, the ESG scores include the assessment of their operational eco-efficiency including GHG emissions, energy use and water use and disposal. The assessment of indirect activities is as well included in the ESG scores notably looking at the climate strategy of lending portfolios as well as risk assessment. This information is complemented by an internal methodology called the Axiom Climate Readiness Score which provides a much more robust assessment of banks' climate performance.

The rationale for this additional analysis is driven by Axiom's conviction that the European banking sector plays a key role in the achievement of the Paris Agreement as it finances more than 70% of the EU economy. The energy transition will therefore not happen without banks' action. There is therefore a need to use more robust methodologies that help to understand how banks are steering their portfolios to finance the sector and activities needed for the energy transition to happen.

Non-financial institutions: The ESG scores include factors that are common to all sectors as well as sector specific. Indicators on operational eco-efficiency, climate strategy, environmental policy and management systems and reporting are assessed for all companies. Depending on the materiality for the sector, other areas are assessed, including biodiversity and water related risks. Likewise, there are general, and sector specific indicators used to assess all these areas. For example, in the case of operational eco-efficiency, GHG emissions and waste disposal are assessed for all sectors and complemented with energy and water indicators relevant for the sector (e.g., use or consumption). Sector specific indicators include, among others, data center efficiency and renewable energy share for companies in telecommunication services, and emissions of acidifying substances in the oil & gas and chemical sectors.

Social:

Financial institutions: The ESG scores include indicators related to banks' practices in terms of human capital development, talent attraction and retention, financial inclusion, labor practices, human rights, and Occupational Health & Safety. In addition, the controversies database is used to analyze banks' good behavior in their selling practices as it monitors banks' exposure to litigation cases and settlements resulting from poor consumer protection practices.
There is no reference benchmark designated for the environmental and social characteristics promoted by the Compartment.

Non-financial institutions: The ESG scores include factors that are common to all sectors as well as sector specific. Indicators on human capital development, occupational health & safety, talent attraction & retention, corporate citizenship & philanthropy, human rights, labor practice and reporting are assessed for all companies. Depending on the materiality for the sector, other areas are assessed, including stakeholder engagement and social impact on communities.

The fund uses exclusion filters to restrict investments and attain the product's environmental and social characteristics. They are used to exclude companies involved in forbidden activities and extremely low-quality governance, which are covered through Axiom's thematic and sectoral policies and related exclusion list. Activities include, tobacco production, coal power and mining production, conventional and unconventional oil & gas, alcohol, gambling, cannabis, and adult entertainment.

How did the sustainability indicators perform?

Sustainability Theme	Indicator	Value
Environmental	Axiom Climate Readiness Score	41%
	Implied Temperature Rise	2.7°C
Social	Average ratio of female to male board members in investee companies	30%
	Number of active social litigation cases	19
Environmental and Social	ESG score	50

…and compared to previous periods?

NA, this is the first period provided.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The fund supports the sustainable investment objective of climate mitigation. We defined Sustainable Investments in financial institutions as investments in banks and insurance companies that from a climate change standpoint demonstrate significant efforts to mitigate climate change, follow good governance practices and do not significantly harm other environmental and social objectives.

Significant efforts to mitigate climate change are defined through the minimum performance thresholds of our climate methodology, the Axiom Climate Readiness Score. These are: i. At least 30% in corporate engagement (Pillar #1); ii. At least 25% in the weighted average of Climate risks and opportunities management (Pillar #2) and Contribution to the low-carbon transition (#3). In addition, banks corporate lending portfolio temperature today have a high temperature (>3°C) and need to be signatories of the Principles for Responsible Banking.

By investing in bonds of these banks and insurance companies the fund steers its investments towards issuers that have expressed the intention to contribute to climate mitigation, that have taken demonstrable actions and that can be considered leaders in the topic.

A small share of this fund is invested in sovereign debt. We have defined Sustainable Investments in sovereign debt as investments in governments that from a climate change standpoint have set net zero targets that are considered "acceptable" by the Climate Action Tracker.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

How were the indicators for adverse impacts on sustainability factors taken into account?

The Principal Adverse Impact (PAI) indicators were considered in order to understand if the sustainable investments were not doing significant harm to other environmental and social objectives not addressed by our definition of sustainable investments (SI). In addition, for completeness we considered as well the Greenhouse Gas (GHG) related PAI indicators as we do not use them in our definition due to their limited materiality and usability. Scope 1 and 2 GHG emissions are less than 1% of financials' total GHG emissions, and scope 3 emissions of lending/investment portfolios are either not available or not reliable as they are based on top-down estimates.

During the reporting period, the fund invested in 38 companies considered as sustainable investments. The PAI of companies complying with our sustainable investments' definition were compared against the values of companies in the fund's universe. Hereby we summarize some of the results of this analysis:

- No companies are active in the fossil fuel sector (PAI 4), nor in businesses related to controversial weapons (PAI 14). However, this is expected as our definition of sustainable investments only covers financials.
- All companies outperform the universe average values in the case of PAI 1 (GHG emissions in different scopes) and PAI 3 (GHG intensity).
- Some companies underperform the universe average values:
    - 2 companies have a share of non-renewable energy consumption and production lower than the average (PAI 5), one of these represents an extreme value. This is however a relative metric (%), in absolute terms, this company's production from non-renewable sources is below average, as such, the issuer is not considered to cause significant harm.
    - 6 companies have less than average policies to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11).
    - 10 to 14 companies in the case of the gender related PAIs (PAI 12 and 13).
- Data coverage in three indicators is very poor for three PAIs (PAI 7, 8, and 9), even with the use of two data providers. These indicators are however not material for the sector covered by our definition of sustainable investment i.e., the direct impact of financial institutions on biodiversity, emissions to water and production of hazardous waste are very low and even inexistent in most cases. We will continue to monitor our providers coverage and take corrective measures if it does not improve over time.

In terms of the voluntary PAI, Axiom AI considers two: i. Investments in companies without carbon emission reduction initiatives; and ii. Number of convictions of fines for violation of anti-corruption and anti-bribery laws. In the case of the first PAI, all SI have committed to targets in line with the Paris

Agreement objectives and are taking actions to achieve them. In the case of the second, there are 2 out of the 16 financial institutions covered that have paid fines, the coverage of this indicator is however poor at this stage.

Note: PAI 2 (Carbon footprint) and 6 (energy consumption intensity per high impact climate sector) are not in the scope of analysis, PAI 2 is a portfolio level indicator and PAI 6 addresses high impact sectors, and thus the financial sector is not concerned.

In the case of the sovereign bonds related sustainable investments, PAIs were estimated, while no country is involved social violations, some countries do register high GHG emissions intensities (all European). This was expected. We will continue the monitoring of these countries, and in particular their reduction of GHG emissions over time.

In the case of the sovereign bonds related sustainable investments, PAIs were estimated, while no country is involved social violations, some countries do register high GHG emissions intensities (all European). This was expected. We will continue the monitoring of these countries, and in particular their reduction of GHG emissions over time.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details

Yes, none of the SI have been associated with a potential violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as per our data provider. More details on its methodology can be found here.

How did this financial product consider principal adverse impacts on sustainability factors?

2022 was the first year for the integration of the Principal Adverse Impacts (PAIs) in our monitoring, during this year multiple data challenges arrived (e.g. changes in the indicators and data sources used by our data provider to more suitable ones) as well as clarifications from the European Commission regarding the calculation of some PAIs. This had an impact on our monitoring plans for the PAI, in particular, in terms of impact in asset allocation and related discussions. 2023 will be a more active year for PAI monitoring as most of the issues experienced in 2022 have been resolved.

The following table summarizes our PAI values as of December 2022:

Adverse Sustainability Impact	Adverse Sustainability Factor	Metric	Value 2022
Mandatory Indicators			
Environmental	1. GHG emissions	Scope 1 GHG emissions (tonnes CO2e/m EUR)	4165
		Scope 2 GHG emissions (tonnes CO2e/m EUR)	1348
		Scope 3 GHG emissions (tonnes CO2e/m EUR)	11655
		Total GHG emissions (tonnes CO2e/m EUR)	17168
	2. Carbon footprint	Carbon footprint (tonnes CO2e/m EUR)	38
	3. GHG intensity of investee companies	GHG intensity (tonnes CO2e/m EUR)	55
Social	11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	4%
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	17
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (0 to 1)	30%
Voluntary Indicators			
Environmental	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement (Yes 1 No 0)	15%
Social	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies (#)	19

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01/2022 – 12/2022

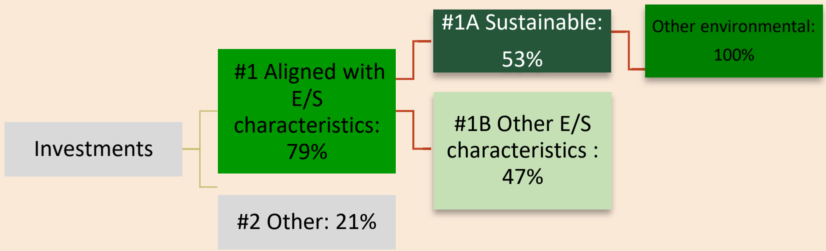
Largest investments	Sector	% Assets	Country
Standard Chartered PLC	Banks	3,2%	GB
Repubblica Italiana	Sovereign	2,8%	IT
Allianz SE	Insurance	2,7%	DE
The Kingdom of Belgium	Sovereign	2,5%	BE
AXA	Insurance	2,2%	FR
CNP Assurances	Insurance	2,1%	FR
Helaba	Banks	2,1%	DE
Credit Suisse Group AG	Banks	1,7%	CH
Intesa Sanpaolo SPA	Banks	1,7%	IT
Deutsche Bank AG	Banks	1,7%	DE
Bonos del Estado	Sovereign	1,6%	ES
NatWest Group	Banks	1,6%	GB
Banco Santander SA	Banks	1,5%	ES
Group Credit Mutuel	Money Market Fund	1,4%	FR
La Poste	Transportation	1,3%	FR
Bank of Ireland Group PLC	Banks	1,3%	IE
Axiom Climate Fin. Bonds	Open-end Funds	1,2%	FR
NN Group N.V.	Insurance	1,2%	NL
Republic of Portugal	Sovereign	1,2%	PT
OTP Bank Nyrt.	Banks	1,1%	HU
General Accident PLC	Insurance	1,1%	GB
Grenke Finance PLC	Diversified Finan Serv	1,1%	IE
Nova Ljubljanska Banka	Banks	1,0%	SI
Invesco LTD	Debt Fund	1,0%	BM
Athora Netherlands N.V.	Insurance	0,9%	NL
Unicredit SPA	Banks	0,9%	IT
Commerzbank AG	Banks	0,8%	DE
Raiffeisen Bank International AG	Banks	0,8%	AT
Norddeutsche LB Girozentrale	Banks	0,8%	DE
IKB Deutsche Industriebank AG	Banks	0,8%	DE
La Mondiale	Insurance	0,7%	FR
Banco BPM SPA	Banks	0,7%	IT
Athora Italia SPA	Insurance	0,7%	IT
Assicurazioni Generali SPA	Insurance	0,7%	IT
Lancashire Holdings Limited	Insurance	0,7%	BM
Aareal Bank AG	Diversified Finan Serv	0,7%	DE
TotalEnergies SE	Oil&Gas	0,7%	FR
Aviva PLC	Insurance	0,6%	GB

Note: The top holdings presented were calculated taking the average of the monthly share of investments in each company, they do not considered investments in Equity Index Futures, CDS Index Liquid Tranche, CDS Index, Bonds Futures.

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?

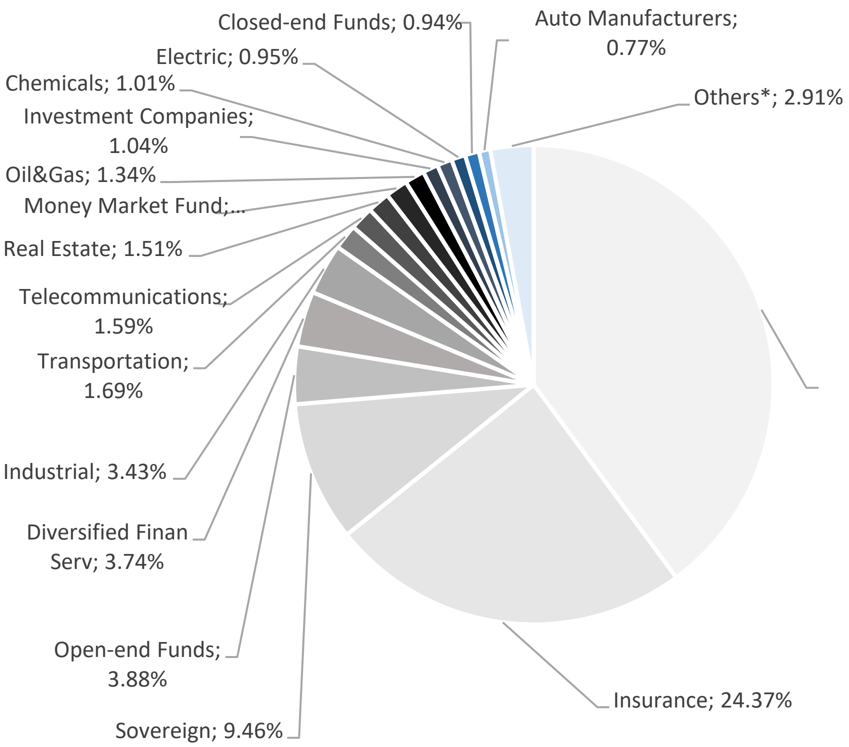


#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Others*: Food (0,49%), Pharmaceuticals (0,43%), Engineering & Construction (0,37%), Private Equity (0,28%), Multi-National (0,19%), Healthcare-Services (0,17%), Lodging (0,16%), Entertainment (0,16%), Auto Parts & Equipment (0,14%), Gas (0,12%), Regional (state/provnc) (0,11%), Internet (0,11%), Office/Business Equip (0,11%), Agriculture (0,05%)

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1] ?**

☐ Yes:

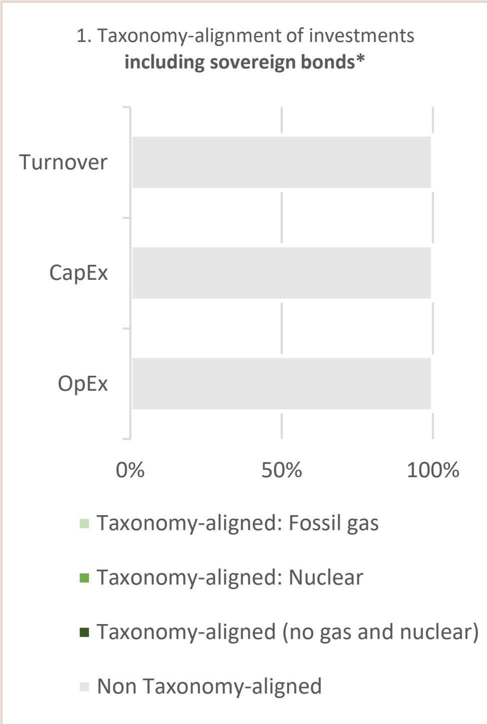
☐ In fossil gas ☐ In nuclear gas

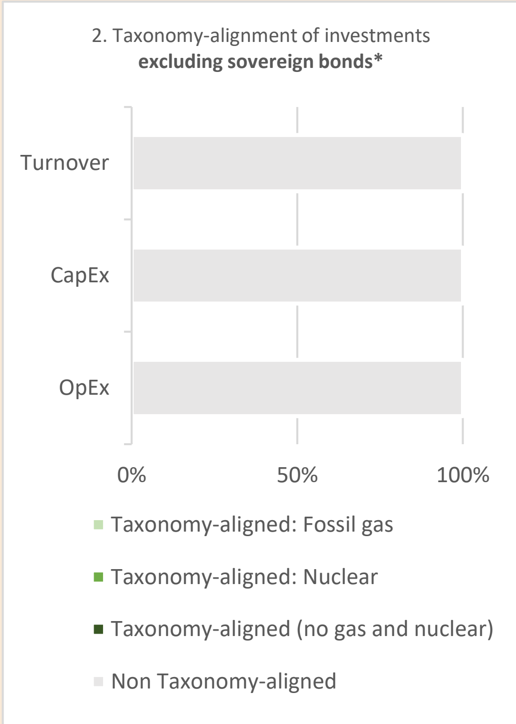
☒ No

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

0% of the Compartment's investments are taxonomy-aligned. Since banks will not disclose their data until 2024, the Compartment will report a share of 0% of investments in taxonomy aligned activities as data providers do not have enough visibility on banks' lending portfolios and their estimates include several assumptions the Axiom AI is not comfortable using.

- ***What was the share of investments made in transitional and enabling activities?***

0% of the Compartment's investments are in transitional and enabling activities. Since banks will not disclose their data until 2024, the Compartment will report a 0% minimum share of investments in transitional and enabling activities as data providers do not have enough visibility on banks' lending portfolios and their estimates include several assumptions the Management Company is not comfortable using.

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

There are no previous reference periods.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

100%. Axiom AI has only defined sustainable investments for financial sectors companies. This is a sector that historically has invested in all the real economy and not just a segment of it. However, their power to transform the economy into a green/sustainable one is much more important than that of any company in the real economy. That is the reason why Axiom AI does not define sustainable investments as per the EU taxonomy definition. However, from 2024 we will be able to report on the % of taxonomy-aligned investments the fund has through its investments in banks and insurers and these issuers will start to report this data during 2023.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of socially sustainable investments?

The product made no investment in socially sustainable investments.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Investments included under "#2 Other" are in companies or in instruments for which ESG ratings are not available or for which all the environmental and social indicators cannot be assessed due to lack of data. Minimum environmental and social safeguards are however cover through the application of the sectoral and thematic policies.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The monitoring of the environmental and social characteristics of the product is ensured in different forms. The pre-trade and post-trade system controls for breaches regarding our exclusion list. In addition, the portfolio manager can review the fund's performance under the different sustainability indicators (e.g., ITR, ACRS, ESG score) in a daily basis. In 2023 we will start at least bi-annual stock takes of these indicators.

How did this financial product perform compared to the reference benchmark?

No ESG reference benchmark is used, the benchmarks (ICE BofAML Euro Financial Index (40%), ICE BofAML Euro Corporate Index (40%) and ICE BofAML Contingent Capital Index (20%)) are not indices which integrate environmental and social considerations.

- ***How does the reference benchmark differ from a broad market index?***

Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable.

- ***How did this financial product perform compared with the broad market index?***

Not applicable.

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name: Axiom Obligataire **Legal entity identifier:** 549300JXQ1ZOFIOEMP20

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 20,3% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Compartment promotes the following environmental and social characteristics:

Environmental:

Financial institutions: Factors relating to both the direct and indirect impact of banks activities on the environment are considered. Among the direct ones, the ESG scores include the assessment of their operational eco-efficiency including GHG emissions, energy use and water use and disposal. The assessment of indirect activities is as well included in the ESG scores notably looking at the climate strategy of lending portfolios as well as risk assessment. This information is complemented by an internal methodology called the Axiom Climate Readiness Score which provides a much more robust assessment of banks' climate performance.

The rationale for this additional analysis is driven by Axiom's conviction that the European banking sector plays a key role in the achievement of the Paris Agreement as it finances more than 70% of the EU economy. The energy transition will therefore not happen without banks' action. There is therefore a need to use more robust methodologies that help to understand how banks are steering their portfolios to finance the sector and activities needed for the energy transition to happen.

Non-financial institutions: The ESG scores include factors that are common to all sectors as well as sector specific. Indicators on operational eco-efficiency, climate strategy, environmental policy and management systems and reporting are assessed for all companies. Depending on the materiality for the sector, other areas are assessed, including biodiversity and water related risks. Likewise, there are general, and sector specific indicators used to assess all these areas. For example, in the case of operational eco-efficiency, GHG emissions and waste disposal are assessed for all sectors and complemented with energy and water indicators relevant for the sector (e.g., use or consumption). Sector specific indicators include, among others, data center efficiency and renewable energy share for companies in telecommunication services, and emissions of acidifying substances in the oil & gas and chemical sectors.

Social:

Financial institutions: The ESG scores include indicators related to banks' practices in terms of human capital development, talent attraction and retention, financial inclusion, labor practices, human rights, and Occupational Health & Safety. In addition, the controversies database is used to analyze banks' good behavior in their selling practices as it monitors banks' exposure to litigation cases and settlements resulting from poor consumer protection practices.
There is no reference benchmark designated for the environmental and social characteristics promoted by the Compartment.

Non-financial institutions: The ESG scores include factors that are common to all sectors as well as sector specific. Indicators on human capital development, occupational health & safety, talent attraction & retention, corporate citizenship & philanthropy, human rights, labor practice and reporting are assessed for all companies. Depending on the materiality for the sector, other areas are assessed, including stakeholder engagement and social impact on communities.

The fund uses exclusion filters to restrict investments and attain the product's environmental and social characteristics. They are used to exclude companies involved in forbidden activities and extremely low-quality governance, which are covered through Axiom's thematic and sectoral policies and related exclusion list. Activities include, tobacco production, coal power and mining production, conventional and unconventional oil & gas, alcohol, gambling, cannabis, and adult entertainment.

- ***How did the sustainability indicators perform?***

Sustainability Theme	Indicator	Value
Environmental	Axiom Climate Readiness Score	39,40%
	Implied Temperature Rise	2,7°C
Social	Average ratio of female to male board members in investee companies	22,9%
	Number of active social litigation cases	11
Environmental and Social	ESG score	43

- ***…and compared to previous periods?***

NA, this is the first period provided.

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The fund supports the sustainable investment objective of climate mitigation. We defined Sustainable Investments in financial institutions as investments in banks and insurance companies that from a climate change standpoint demonstrate significant efforts to mitigate climate change, follow good governance practices and do not significantly harm other environmental and social objectives.

Significant efforts to mitigate climate change are defined through the minimum performance thresholds of our climate methodology, the Axiom Climate Readiness Score. These are: i. At least 30% in corporate engagement (Pillar #1); ii. At least 25% in the weighted average of Climate risks and opportunities management (Pillar #2) and Contribution to the low-carbon transition (#3). In addition, banks corporate lending portfolio temperature today have a high temperature (>3°C) and need to be signatories of the Principles for Responsible Banking.

By investing in bonds of these banks and insurance companies the fund steers its investments towards issuers that have expressed the intention to contribute to climate mitigation, that have taken demonstrable actions and that can be considered leaders in the topic.

A small share of this fund is invested in sovereign debt. We have defined Sustainable Investments in sovereign debt as investments in governments that from a climate change standpoint have set net zero targets that are considered “acceptable” by the Climate Action Tracker.

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

How were the indicators for adverse impacts on sustainability factors taken into account?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The Principal Adverse Impact (PAI) indicators were considered in order to understand if the sustainable investments were not doing significant harm to other environmental and social objectives not addressed by our definition of sustainable investments (SI). In addition, for completeness we considered as well the Greenhouse Gas (GHG) related PAI indicators as we do not use them in our definition due to their limited materiality and usability. Scope 1 and 2 GHG emisisons are less than 1% of financial's total GHG emissions, and scope 3 emissions of lending/investment portfolios are either not available or not reliable as they are based on top down estimates.

During the reporting period, the fund invested in 14 companies considered as sustainable investments. The PAI of companies complying with our sustainable investments definition were compared against the values of companies in the fund's universe. Hereby we summarize some of the results of this analysis:

- No companies are active in the fossil fuel sector (PAI 4), nor in businesses related to controversial weapons (PAI 14). However, this is expected as our definition of sustainable investments only covers financials;
- All companies outperform the universe average values in the case of PAI 1 (GHG emissions in different scopes), PAI 3 (GHG intensity) and PAI 5 (Share of non-renewable energy consumption and production);
- Some companies underperform the universe average values:
  - 3 companies with less than average policies to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11).
  - 2 to 3 companies in the case of the gender related PAIs (PAI 12 and 13).
- Data coverage in three indicators is very poor for three PAIs (PAI 7, 8, and 9), even with the use of two data providers. These indicators are however not material for the sector covered by our definition of sustainable investment i.e. the direct impact of financial institutions on biodiversity, emissions to water and production of hazardous waste is very low and even inexistent in most cases. We will continue to monitor our providers coverage and take corrective measures if it does not improve over time.

In terms of the voluntary PAI, Axiom AI considers two: i. Investments in companies without carbon emission reduction initiatives; and ii. Number of convictions of fines for violation of anti-corruption and anti-bribery laws. In the case of the first PAI, all SI have committed to targets in line with the Paris Agreement objectives and are taking actions to achieve them. In the case of the second, there are 2 out of the 9 financial institutions covered that have paid fines, the coverage of this indicator is however poor at this stage.

Note: PAI 2 (Carbon footprint) and 6 (energy consumption intensity per high impact climate sector) are not in the scope of analysis, PAI 2 is a portfolio level indicator and PAI 6 addresses high impact sectors, and thus the financial sector is not concerned.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details

Yes, none of the SI have been associated with a potential violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as per our data provider. More details on its methodology can be found here.

How did this financial product consider principal adverse impacts on sustainability factors?

2022 was the first year for the integration of the Principal Adverse Impacts (PAIs) in our monitoring, during this year multiple data challenges arrived (e.g. changes in the indicators and data sources used by our data provider to more suitable ones) as well as clarifications from the European Commission regarding the calculation of some PAIs. This had an impact on our monitoring plans for the PAI, in particular, in terms of impact in asset allocation and related dicussions. 2023 will be a more active year for PAI monitoring as most of the issues experienced in 2022 have been resolved.

The following table summarizes our PAI values as of December 2022:

Adverse Sustainability Impact	Adverse Sustainability Factor	Metric	Value 2022
Mandatory Indicators			
Environmental	1. GHG emissions	Scope 1 GHG emissions (tonnes CO2e/m EUR)	1473
		Scope 2 GHG emissions (tonnes CO2e/m EUR)	657
		Scope 3 GHG emissions (tonnes CO2e/m EUR)	3307
		Total GHG emissions (tonnes CO2e/m EUR)	5436
	2. Carbon footprint	Carbon footprint (tonnes CO2e/m EUR)	20
	3. GHG intensity of investee companies	GHG intensity (tonnes CO2e/m EUR)	49
Social	11. Lack of processes and compliance mechanisms to monitor compliance with UNGC	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling	4%

	principles and OECD Guidelines	mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (0 to 1)	23%
Voluntary Indicators			
Environmental	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement (Yes 1 No 0)	34%
Social	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies (#)	2

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01/2022 – 12/2022

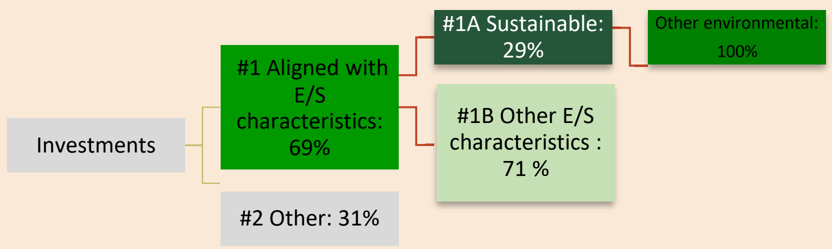
Largest investments	Sector	% Assets	Country
Quatrim	Food	3,6%	FR
Axiom European Financial Debt	Closed-end Funds	3,3%	FR
Banque International du	Banks	3,0%	LU
HLD Europe	Investment	3,0%	LU
Van Lanschot Kempen N.V	Diversified Finan	2,8%	NL
IKB Deutsche Industriebank AG	Banks	2,5%	DE
Saxo Bank A\S	Banks	2,4%	DK
Banco Comercial Portugues S.A	Banks	2,3%	PT
Heimstaden AB	Real Estate	2,2%	SE
Ibercaja Banco S.A	Banks	2,0%	ES
BBVA S.A	Banks	1,9%	ES
Finecobank Banca Fineco S.P.A	Banks	1,9%	IT
Sainsbury’s Bank PLC	Banks	1,9%	GB
Credit Suisse Group AG	Banks	1,9%	CH
Nova Ljubljanska Banka	Banks	1,8%	SI
CPI Property Group	Real Estate	1,8%	LU
Tikehau Capital	Asset Management	1,8%	FR
Esure Group PLC	Insurance	1,7%	GB
Adler Group S.A	Real Estate	1,6%	LU

OSB Group PLC	Diversified Finan	1,6%	GB
Banco de Credito Social	Banks	1,6%	ES
Erste Group Bank AG	Banks	1,6%	AT
Fortune Star (BVI) Limited	Lodging	1,6%	VG
Unicredit S.P.A	Banks	1,6%	IT

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?

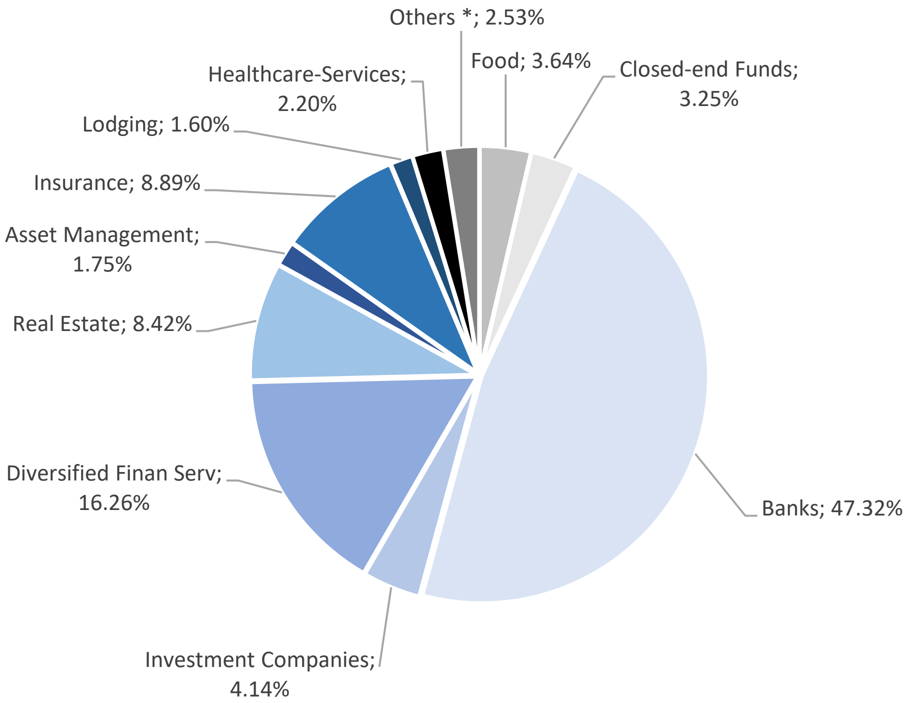


#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?



Others*: Retail (0,58%), Office/Business Equip (0,52%), Engineering & Construction (0,44%), Telecommunications (0,44%), Software (0,34%), Sovereign (0,16%) and Industrial (0,06%).

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1] ?**

☐ Yes:

☐ In fossil gas ☐ In nuclear gas

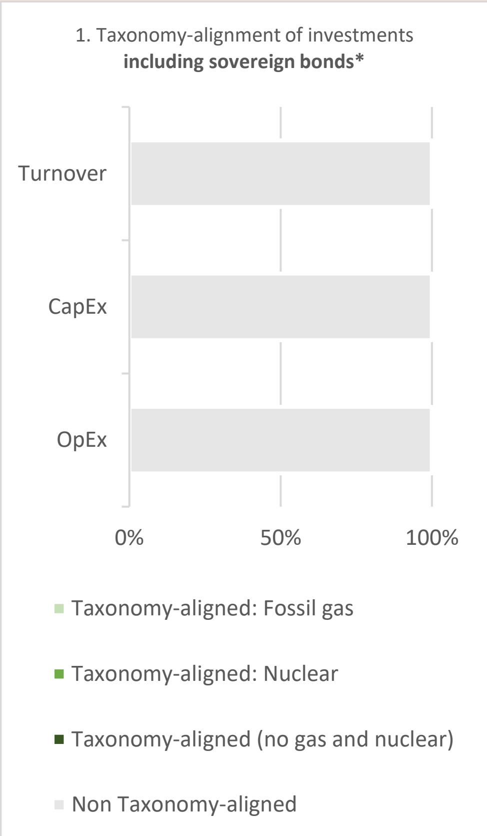
☒ No

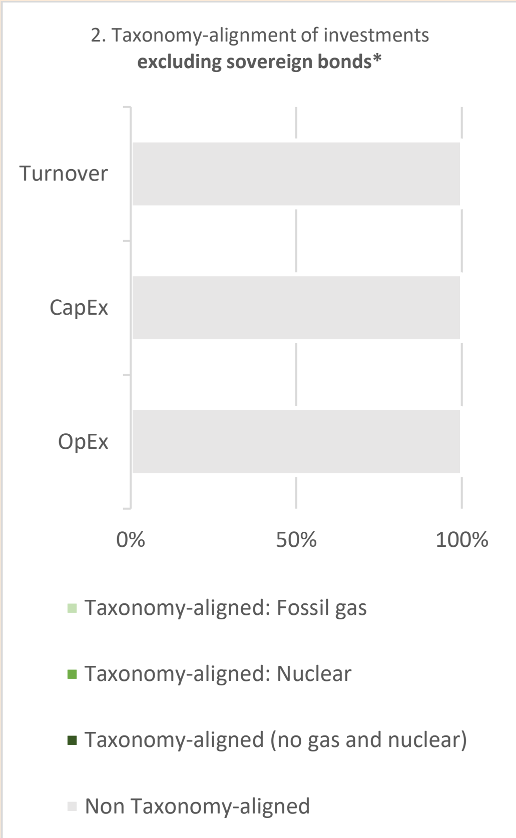
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

0% of the Compartment's investments are taxonomy-aligned. Since banks will not disclose their data until 2024, the Compartment will report a share of 0% of investments in taxonomy aligned activities as data providers do not have enough visibility on banks' lending portfolios and their estimates include several assumptions the Axiom AI is not comfortable using.

- ***What was the share of investments made in transitional and enabling activities?***

0% of the Compartment's investments are in transitional and enabling activities. Since banks will not disclose their data until 2024, the Compartment will report a 0% minimum share of investments in transitional and enabling activities as data providers do not have enough visibility on banks' lending portfolios and their estimates include several assumptions the Management Company is not comfortable using.

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

There are no previous reference periods.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

100%. Axiom AI has only defined sustainable investments for financial sectors companies. This is a sector that historically has invested in all the real economy and not just a segment of it. However, their power to transform the economy into a green/sustainable one is much more important that that of any company in the real economy. That is the reason why Axiom AI does not define sustainable investments as per the EU taxonomy definition. However, from 2024 we will be able to report on the % of taxonomy-aligned investments the fund has through its investments in banks and insurers and these issuers will start to report this data during 2023.

What was the share of socially sustainable investments?

The product made no investment in socially sustainable investments.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Investments included under "#2 Other" are in companies or in instruments for: which ESG ratings are not available or for which all the environmental and social indicators cannot be assessed due to lack of data. Minimum environmental and social safeguards are however cover through the application of the sectoral and thematic policies available here: http://axiom-ai.com/web/data/documentation/Thematic-And-Sectoral-Exclusions.pdf

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The monitoring of the environmental and social characteristics of the product is ensured in different forms. The pre-trade and post-trade system controls for breaches regarding our exclusion list. In addition, the portfolio manager can review the funds' performance under the different sustainability indicators (e.g., ITR, ACRS, ESG score) in a daily basis. In 2023 we will start at least bi-annual stock takes of these indicators.

How did this financial product perform compared to the reference benchmark?

No ESG reference benchmark is used, the benchmark (€STR capitalized +2%) is not an index which integrates environmental and social considerations.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How does the reference benchmark differ from a broad market index?***

Not applicable.

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

Not applicable.

How did this financial product perform compared with the reference benchmark?

Not applicable.

How did this financial product perform compared with the broad market index?

Not applicable.

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name: Axiom Optimal Criteria **Legal entity identifier:** 549300N7WX4DMYCW8R93

The main client of the fund left in May in 2022, since then the fund has mainly been invested in sovereign debt with very minor changes in the positions over time. The fund was not commercialized in 2022 but Axiom decided to keep the Compartment to potentially create another strategy. However, in Q4 2022 the company decided to liquidate the fund. This decision will come into effect in Q1 of 2023. Based on this, there were no article 8 precontractual disclosures filled out for this Compartment, but rather it was decided to classify the fund into article 6. Consequently, the fund did not promote any environmental and social characteristics, nor define any characteristics to be attained.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 79,9% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

There were no environmental nor social characteristics promoted.

- ***How did the sustainability indicators perform?***

  There were no sustainability indicators defined.

- ***…and compared to previous periods?***

  NA

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

  As mentioned, for the most part of the period the fund made investments in sovereign debt. This debt is classified as a sustainable investment following our definition: investments in governments that from a climate change standpoint have set net zero targets that are considered "acceptable" by the Climate Action Tracker. However, as mentioned previously, no promotion of the fund took place for the most part of the year.

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

  How were the indicators for adverse impacts on sustainability factors taken into account?

  Adverse impacts on sustainability factors of these investments were monitored using the Principal Adverse Impact indicators. This monitoring process is however not fund specific as sovereign investments are not a core part of any of our fund's strategy and are already quite limited through our exclusion policy, available here: http://axiom-ai.com/web/data/documentation/Thematic-And-Sectoral-Exclusions.pdf

  Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

  Alignment to the UN Guiding Principles on Business and Human Rights was monitored through a proxy metric, which the SDG index available here: https://dashboards.sdgindex.org/rankings. These countries make part of the top 25 of the index.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How did this financial product consider principal adverse impacts on sustainability factors?

The two mandatory PAIs were estimated, namely, GHG intensity of investee countries and Investee countries subject to social violations. Their monitoring is however part of Axiom's overall PAI monitoring exercise and not fund specific as, as mentioned, this fund was not commercialized nor actively managed through most of 2022.

Adverse Sustainability Impact	Adverse Sustainability Factor	Metric	Value 2022
Environmental	15. GHG emissions	Scope 1 GHG emissions (tonnes CO2e/m EUR)	380
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0

What were the top investments of this financial product?

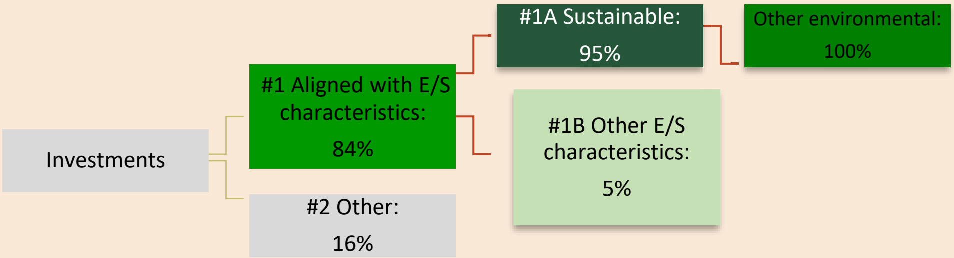
Asset allocation describes the share of investments in specific assets.

Largest investments	Sector	% Assets	Country
French Government Bond	Sovereign	14,4 %	FR
Bundesrepublik Deutschland	Sovereign	11,2%	DE
Repubblica Italiana	Sovereign	10,6%	IT
Republic of Portugal	Sovereign	9,3%	PT
Bonos del Estado	Sovereign	6,5%	ES

What was the proportion of sustainability-related investments?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01/2022 – 12/2022

What was the asset allocation?

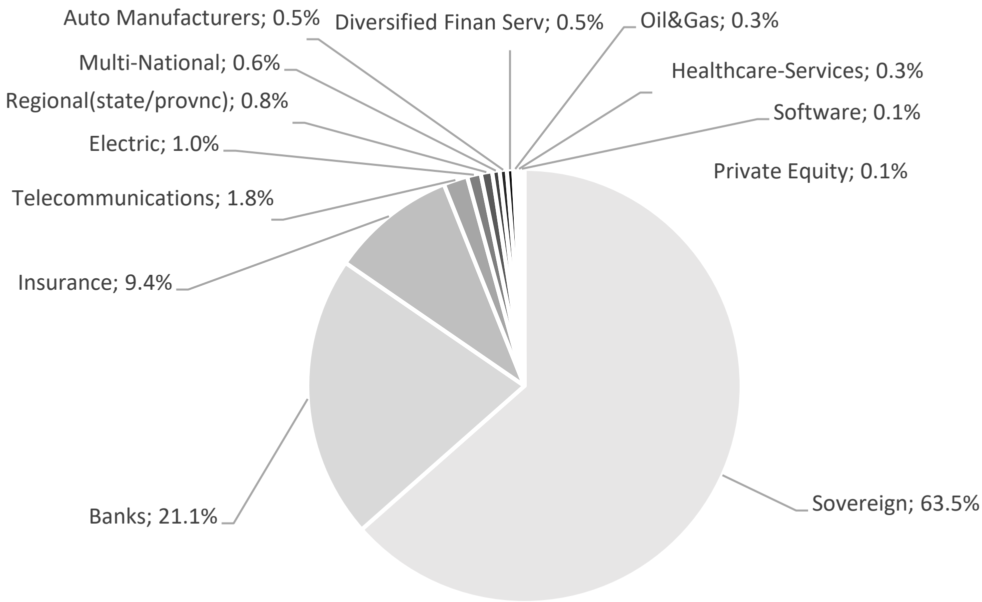


#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1] ?

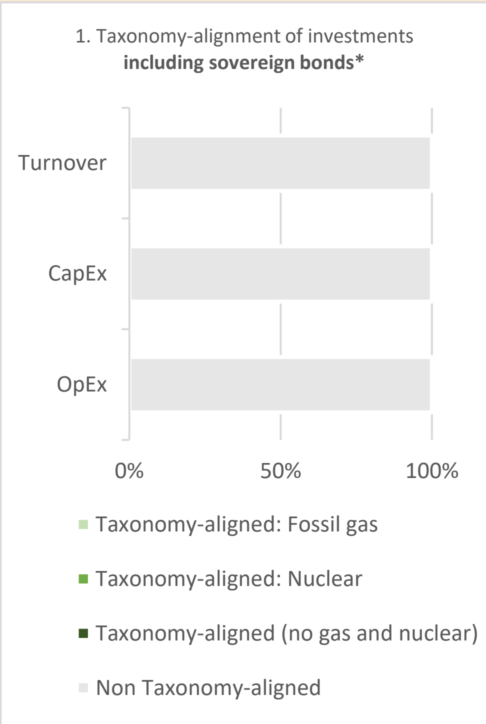
Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

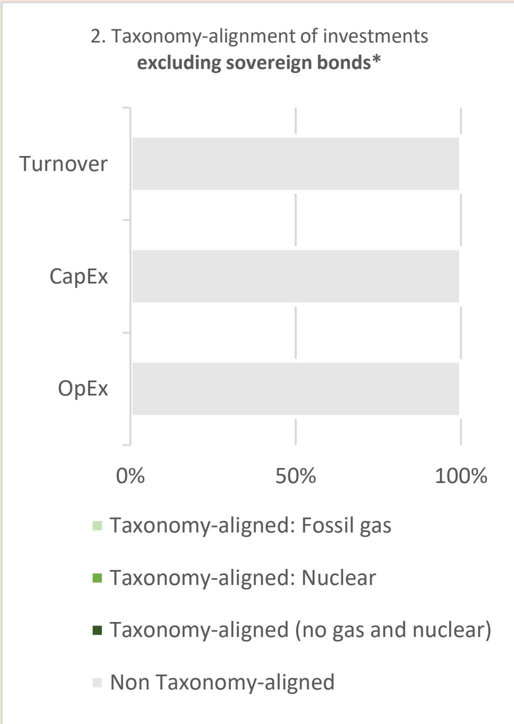
☐ Yes:

☐ In fossil gas ☐ In nuclear gas

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

0% of the Compartment's investments are taxonomy-aligned.

What was the share of investments made in transitional and enabling activities?

0% of the Compartment's investments are in transitional and enabling activities.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

  There are no previous reference periods.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

100%. These are investment in countries with net zer targets that are considered "acceptable" by Climate Action Tracker. The EU Taxonomy does not address countries but rather companies.

What was the share of socially sustainable investments?

No socially sustainable investment was made.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Investments included under "#2 Other" are in countries that do not meet our definition of sustainable investment. Minimum environmental and social safeguards are however covered through the application of the sectoral and thematic policies available here: http://axiom-ai.com/web/data/documentation/Thematic-And-Sectoral-Exclusions.pdf

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

As mentioned, there were no environmental and/or social characteristics defined to be attained.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How did this financial product perform compared to the reference benchmark?

No ESG reference benchmark is used.

- ***How does the reference benchmark differ from a broad market index?***

  Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  Not applicable.

How did this financial product perform compared with the reference benchmark?

Not applicable.

How did this financial product perform compared with the broad market index?

Not applicable.