

# AXIOMA Leveraged Bond Fund

The investment objective of the Fund is to generate attractive risk-adjusted return under prudent investment management with the aim of exploiting inefficiencies in fixed income markets worldwide.



## Key information at a glance as of 30.11.17

AuM	\$75'642'192.64
ISIN (B2)	KYG0750S1378
Currency	USD
Type	Fixed Income, open-ended
Coupons	Reinvested
Credit risk	Low (average Fund's credit rating BB+ -BBB)
Leverage	0-100%
Management fee	0.75% p.a.
Performance fee	15%, HWM

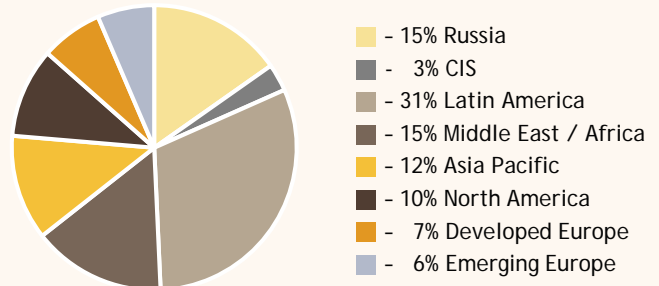
Launch date	November 27, 2015
Incorporation	Cayman Islands
Investment manager	AXIOMA Wealth Management AG (Switzerland)
Custodian/ prime-broker	Credit Suisse AG (BBB+) (Switzerland)
Administrator	Apex Fund Services (Malta)
Valuation	Monthly
Minimum subscription	\$100'000
Subscription/ Redemption	Monthly, 5 BD notice
Target return	6-8% p.a.

## Portfolio structure

### Top 5 holdings

Security	Rating	Weight
VimpelCom 5.95% 02/13/23	BB	2.3%
Lukoil 4.563% 04/24/23	BBB	1.9%
Mobile Telesystems OJSC 5% 05/30/23	BB+	1.9%
Novolipetsk Steel 4% 09/21/24	BBB-	1.4%
El Puerto de Liverpool 3.875% 10/06/26	BBB+	1.4%
Cash		2.5%

### Geographical breakdown

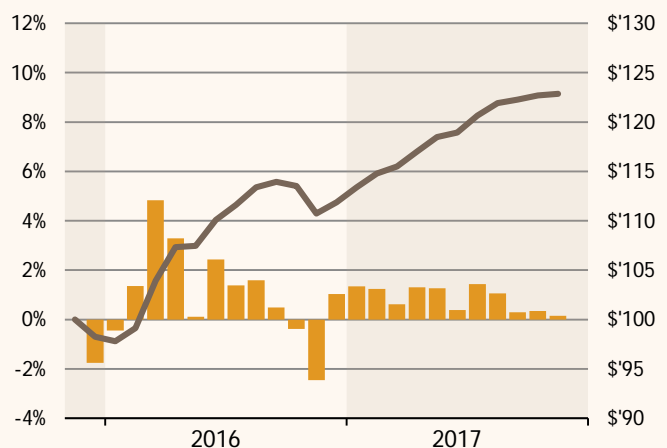


### Rating breakdown \*

≥ BBB-	≥ BB-	≥ B-
63%	98%	99%

## Historical performance

Period	Performance, per period
1M	0.1%
3M	0.8%
6M	3.7%
YTD	9.8%
2016	13.9%
2015**	10.4%
Since inception	10.8% p.a.
Historical volatility	5.1% p.a.



\* The percentage of Not Rated bonds as of 30.11.2017 is 0.7%  
 \*\* Gross average performance of USD accounts is being used up to 30.11.2015. The underlying strategy was launched on 01.01.2009. As of 30.11.2017 historical performance of the strategy is 14.3% p.a. with volatility of 11.4% p.a.

Monthly return in %, lhs  
 Growth of \$100 invested, rhs

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Bond investors enjoyed a fairly calm month in November with US Treasury yields slightly rising and credit spreads remaining virtually flat. Coupon income enabled the Fund to close the month in a positive territory.

The US Treasury yield curve has been flattening year-to-date. The short and medium-term yields have been picking up following the interest rate hikes, while the longer-term yields (bonds with maturities of 20-30 years) have been going down due to low inflation expectations and QE programmes put in place by the world's leading central banks. While the Fed stopped its bond purchases as early as in November 2014, the ECB and the Bank of Japan continue buying assets for ca. USD 150 bn per month. Inflation in the USA remains the key concern for investors. So far, the official inflation data have been in line with the market expectations and below the Fed target (at the end of October, the PCE deflator stood at 1.45% vs the target of 2%). While price performance shows some signs of stronger inflationary pressure, the average wage growth rates remain low despite unemployment hitting a new low.

Brent traded within the range of USD 60-65 per barrel, hitting the year's new high of USD 64.5 and creating a favourable environment for the bonds of oil companies and EM bonds at large. However, this failed to translate into further narrowing of credit spreads, as they are already close to their record lows. Oil market analysts remain cautious with price assumptions for the next year's forecasts averaging USD 50 per barrel.

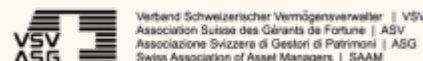
In November, portfolio managers used new Fund subscriptions to slightly increase South African exposure capitalising on the downward movement in prices and to pick up certain secondary market securities. Despite strong activity in the primary market, the Fund participated in just one offering when Mazoon (Omani electricity production, BBB) issued its 5.2% 10-year bonds. All other issuances either offered low yields or implied unreasonably high credit risks.

Discussions on raising the US public debt ceiling are scheduled to take place in December, which is likely to intensify market jitters. Furthermore, the markets of South Africa, the Middle East and Turkey are under increasing pressure due to their domestic tensions. As a result, the Fund closed the month with a relatively low average duration of 5.2 years and an average yield to maturity of 3.9%, with 2.5% of the portfolio in cash.

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We hope you find this information useful and will be glad to answer your questions

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