AXIOM
ALTERNATIVE INVESTMENTS

AXIOM AI –

Compliance with SFDR's and AMF's disclosure requirements

On march 10, 2021 the European Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 and the position-recommandation DOC-2020-03 of the AMF entered into force with the aim to strengthen protection for end investors of financial products that integrate sustainability considerations into their investment process. Both have for objective to improve the comparability of financial products disclosuresby stablishing minimum standards.

Sustainable Finance Disclosure regulation. This regulation introduces two concepts that define how double materiality should be assessed by investors. Double materiality is understood as the relevance to manage the financial risk that social, governance and environmental factors pose on investments (so called sustainability risks) and the need to manage and take responsibility for the impacts investment decisions have on people, society and the environment (so called adverse sustainability impacts).

In addition, the regulation requests asset managers to classify their funds under one the following three categories below as well as to estimate the adverse sustainability impacts associated to their investments (Article 4 of SFDR).

1. Funds that have sustainable investment[1] as its objective (Article 9);
2. Funds that promote environmental or social characteristics, provided that the companies in whichthe investments are made follow good governance practices (Article 8);
3. All other funds that integrate or not sustainability risks in their investment decisions (Article 6).

Position-recommandation DOC-2020-03. The document provides disclosure guidance that seeks for a proportionality between the communication of the ESG characteristics of the investment product and the integration of such factors in its portfolio construction. It therefore characterizes three levels of ESG integration and the related type of communication, the latter being: central, reduced or limited to the prospectus.

The table below shows the breakdown of AXIOM AI's funds in relation to the categories defined by both regulations as well as those in which there is no communication of ESG issues.

Consideration of sustainability adverse impacts

Article 4 of the SFDR requires fund managers to make a clear statement on whether they have due diligence policies to address the principal adverse impacts (PAI) of investment decisions on sustainability factors. AXIOM AI supports the disclosure requirements from the European Commission, however, we believe the quantification today of the PAI indicators set in the technical requirements is challenging for the sectors and asset classes in which the organization is specialized. AXIOM will continue to assess if data gaps are reduced and the relevant data is made available by issuers in order to monitor and report the required information in the future.

[1] Sustainable investment is defined as investment in an economic activity that contribute to an environmental objective (e.g. key resource efficiency indicators on the use of energy, renewable energy, raw materials, greenhouse gas emissions) or a social objective (e.g. tackling inequality or that fosters social cohesion, social integration and labour relations), provided that such investments do not significantly harm any of those objectives and that investee companies follow good governance practices.

	Central communication	Reduced Communication	Limited to prospectus	No communication
Article 8	Axiom Sustainable Financial Bonds	Axiom European Banks Equity Axiom Optimal Criteria	Axiom Short Duration Bond Fund Axiom Obligataire	
Article 6				Groupama Axiom Legacy 21 Axiom European Financial Debt Fund Axiom Global Coco Bonds UCITS Axiom Long Short Crédit Axiom Liquid Rates