

## SUMMARY RISK INDICATOR



The risk indicator assumes you keep the product for 3 years in accordance with the recommended holding period.

## INVESTMENT OBJECTIVE

Tikehau SubFin Fund invests in the entire European market of subordinated financials, and its investment strategy consists of actively and discretely managing a diversified portfolio composed mainly of subordinate debt instruments: Legacy Tier 1, Tier 2, Additional Tier 1/CoCo, etc.

## KEY FIGURES - 03/31/2025

NAV : € 124.55

AuM : € 371m

Volatility (last 12 month rolling) : 1.8%

12 month rolling volatility computed from daily data

## MAIN CHARACTERISTICS OF THE FUND

ISIN Code : LU1805016570

Bloomberg Ticker : TIKSFFE LX Equity

Fund's inception : 07/02/2011

Portfolio Manager(s) : Benjamin Pesquier

Legal form : Sicav Luxembourg

Morningstar's classification : EUR Subordinated Bond

Reference currency : EUR

Allocation of results : Accumulation

Custodian : CACEIS Bank Luxembourg

## MAIN ADMINISTRATIVE FEATURES

Entry / Exit fees : Please refer to the Sub-Fund's prospectus and KID to obtain all the information regarding the terms and operation of the Sub-Fund.

Management fees : 0.65%

Performance fees : 15.00% of the annual performance net of management fees greater than that of the benchmark index 50% ICE BofA Contingent Capital Index® (hedged to EUR) + 50% ICE BofA Euro Financial Subordinated & Lower Tier-2 Index® over a five-year reference period, provided that this performance fee is greater than 0 during the reference period in question. The effective amount will vary depending on how well your investment performs.

Minimum of subscription : € 1,000.00

Liquidity : Daily

Subscription/Redemption : Daily before 12:00 pm (LUX)

NAV : Unknown

Payment delivery : D+2

## PROSPECTUS BENCHMARK\*

The Sub-fund aims to achieve annual outperformance of the composite benchmark, the 50% ICE BofA Contingent Capital Index® (hedged to EUR) + 50% ICE BofA Euro Financial Subordinated & Lower Tier-2 Index®, net of management fees, over an investment horizon of three years. The Sub-Fund is actively managed and refers to a benchmark indicator exclusively as an ex-post performance indicator and, where relevant, for the purpose of calculating the performance fee.

## PERFORMANCES\*

Past performance does not predict future results, displayed net of management fees in the Sub-Fund's reference currency (according to the currency of the State of residence of the investors, the returns may increase or decrease as a result of currency fluctuations). Since July 11, 2024, the reference index is "50% ICE BofA Contingent Capital Index® (hedged to EUR) + 50% ICE BofA Euro Financial Subordinated & Lower Tier 2®". The achievement of the investment objective is not guaranteed.

## RISKS

The main risks of the Sub-Fund are the risk of capital loss, counterparty risk, liquidity risk, sustainability risk and credit risk (the Sub-Fund can invest 100% of its assets in bonds with low credit quality, it therefore carries a very high credit risk). For a full and detailed description of all risks, please refer to the Sub-Fund's prospectus available on the Company's website. The materialisation of one of these risks could lead to a drop in the Sub-Fund's net asset value.

Please refer to the Sub-fund's prospectus to obtain all the information regarding the terms and operation of the Sub-fund.

Please refer to the fund's prospectus and KID, and if necessary, contact your usual advisor before making any final investment decision.

## NEWSLETTER MARCH 2025

# TIKEHAU SUBFIN FUND – FS-ACC-EUR

## MARKET OUTLOOK

**Macroeconomic environment and market performance.** The US trade war remains a central topic, with tariffs on Canada and Mexico, additional tariffs on China, as well as global tariffs on steel, aluminium, automobiles and parts. On April 2, Donald Trump is expected to announce reciprocal tariffs for many countries, while some partners, including Europe, say they are ready to take retaliatory measures. This uncertainty is causing concern for the economy, with fears of stagflation in the United States. In Europe, annual inflation fell to 2.3% in February, enabling the ECB to cut its key rates by 25bp. Massive fiscal stimulus plans are announced in Europe, notably in the defense sector.

Against this backdrop, market sentiment was generally negative in March across all asset classes (equities, credit, fixed income). In the subordinated financial debt segment, the CoCo® index reported a performance of -0.88% in euros, and the EBSL® index -0.83%.

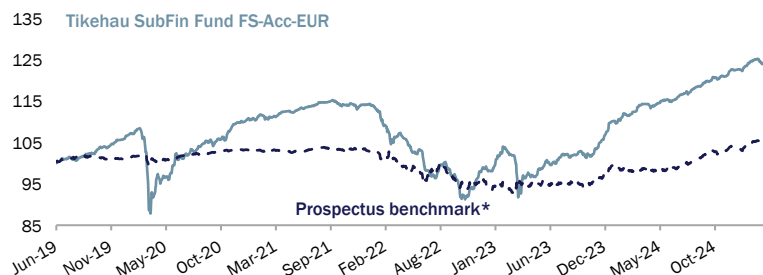
**Sector news.** Deutsche Bank ends the suspense and announces the call of the AT1 \$7.5% bond but a further extension of the \$4,789 tranche for another five years. In our view, this scenario was to be expected: 1) the reference rate (LIBOR) remained an issue for the \$7.5% while it had been replaced in 2023 for the \$4.789%, 2) the difference in reset would also have implied a new, more expensive coupon for the former than for the latter, 3) finally and perhaps most importantly the recall of the \$4,789 would have generated a significant cost (estimated at €230-240m) linked to the evolution between the euro (reporting currency) and the dollar (bond currency) since the issue in 2014 due to the accounting treatment of this instrument. Following an economic approach, and also noting that another \$1.25bn issue reaches its first call date in October, we believe that the bank wanted to validate at least one of these two calls, and that the \$7.5% call made more sense. The issue of a new AT1 the following session was more surprising, relatively aggressive in terms of pricing (final coupon of 7.125%) and too hasty in our opinion, even though the market had reacted well to the previous announcements. Despite an order book of €10 billion, performance in the secondary market was poor and penalized the whole curve until the end of the month. For their part, SEB and AIB announced, as expected, the forthcoming redemption of AT1 bonds, illustrating the specific nature of the DB \$4.789% but also confirming the need for an instrument-by-instrument approach to recall forecasts, which seems to be better integrated by the market than before.

M&A discussions are progressing in Italy, even though Banco BPM's use of the Danish Compromise for the acquisition of Anima has been refused - which could lead UniCredit to revise the terms of its offer for BPM, otherwise maintained and approved by the ECB and the Bank of Italy. In Spain, BBVA is still awaiting the conclusions of the competition authorities regarding Sabadell. ING, linked in the press to both Sondrio and Sabadell, is increasing its stake in Van Lanschot to over 20%. Finally, Piraeus confirms the acquisition of Greek insurer Ethniki.

**Primary market and fund activity.** Despite a more fragile general sentiment, primary market activity remained buoyant, although mainly driven by the insurance sector, with over €6.5 bn of issues, including €2.8 bn RT1 (NN, Credit Agricole Assurances, Aviva and ASR) - a very active month in this segment, linked to the recall of old-generation bonds. On the banks' side, volumes slowed given the context: €2.4 bn AT1 (Bank of Ireland, Metro and Deutsche Bank) and around €4 bn Tier 2 (including BCP with a buyback offer on the remainder of the €6.888% not recalled in December 2022). Oversubscription rates remain good (4.7x on average for AT1s, 2.3x for Tier 2s) but are down on last month, as is performance in the secondary market (particularly for AT1s).

We quickly reallocated the few longest AT1 positions in the portfolio (2032-2035) to 2026-2027 calls at the very beginning of the month, in view of what we saw as a major paradigm shift (materialization of US tariffs, stalled peace talks in Ukraine, massive investment programs in Europe), resulting in pressure on long rates (German 10-year yield up 33bps over the month) and a more uncertain monetary policy path for the ECB. We have also slightly increased our Senior exposure to Central and Eastern Europe.

## NET ASSET VALUE EVOLUTION



## PERFORMANCES

Past performance does not predict future returns

ANNUAL PERFORMANCES	2024	2023	2022	2021	2020
Tikehau SubFin Fund FS-Acc-EUR	+11.3%	+12.4%	-14.2%	+3.7%	+4.3%
Prospectus benchmark*	+4.4%	+6.1%	-9.1%	-0.3%	+2.2%

ROLLING PERFORMANCE	1 month	3 months	6 months	YTD	1 year	18 months	3 years	5 years	Inception
	-0.9%	+1.2%	+3.5%	+1.2%	+8.5%	+21.3%	+15.7%	+34.6%	+24.0%

Source : Tikehau Investment Management, data as of 03/31/2025.

\* The Reference Indicator used by the Sub-Fund until 10 July 2024 was "ICE BofAML 3-5 Year Euro Government Index® + 90 basis points". Since 11 July 2024, the Reference Indicator is "50% ICE BofA Contingent Capital Index® (hedged to EUR) + 50% ICE BofA Euro Financial Subordinated & Lower Tier-2 Index®".

### RISK INDICATORS & ACTUARIAL DATA

Number of issuers : **72**  
Currency Risk : **hedged**  
Modified duration<sup>1</sup> : **2.7**  
Spread Duration<sup>1 & 2</sup> : **2.9**  
Average coupon<sup>3</sup> : **6.7%**  
Average rating<sup>4</sup> : **BB+**

<sup>1</sup> Source: TIM, calculated from estimated repayment dates to date.

<sup>2</sup> Indicator measuring the impact of the issuers' spreads variation on performance

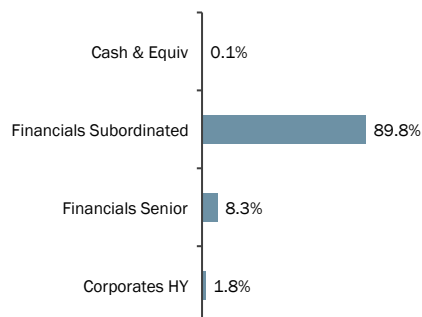
<sup>3</sup> Figure calculated on the portfolio, ex-cash

<sup>4</sup> Figure calculated on the portfolio, cash included

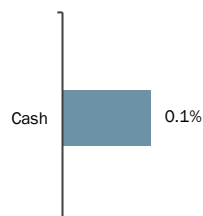
### TOP 10 ISSUERS

DEUTSCHE BANK	4.9%
COMMERZBANK	4.4%
BARCLAYS	4.0%
NATWEST	2.9%
INTESA SANPAOLO	2.6%
ERSTE BANK	2.6%
BNP PARIBAS	2.6%
BANCO DE SABADELL	2.5%
ABANCA	2.3%
UNICREDIT	2.3%

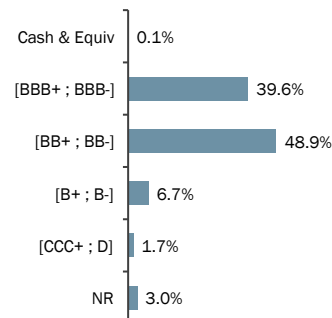
### BREAKDOWN BY ISSUERS TYPE



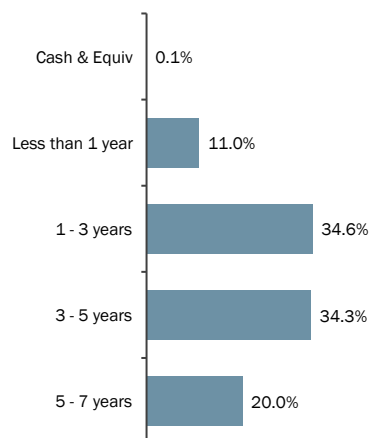
### BREAKDOWN CASH & SHORT TERM INVESTMENTS



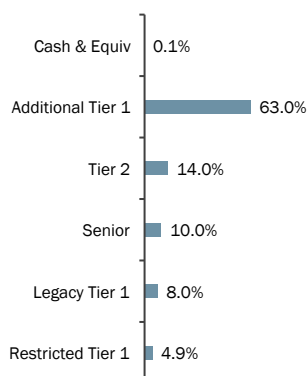
### BREAKDOWN BY RATINGS - ISSUANCES



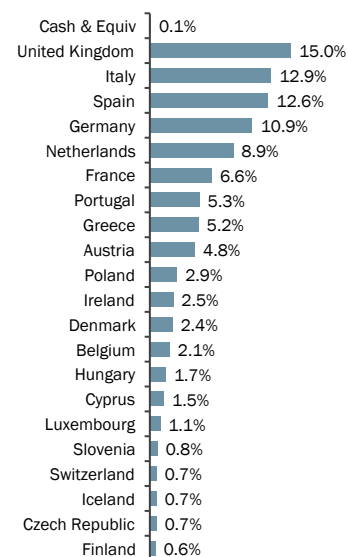
### BREAKDOWN BY MATURITIES



### BREAKDOWN BY INSTRUMENT TYPE



### BREAKDOWN BY COUNTRY



**WARNING** The information contained in this document is confidential and is not contractually binding nor certified by auditors. The contents of this document are for informational purposes only and relates to undertakings for collective investments (UCI) managed by Tikehau Investment Management (TIM) and do not constitute investment advice. Past performance is not a reliable indicator of future performance. Investors may lose some or all of their capital, as the capital in the UCI is not guaranteed. TIM may not be held liable for any investment decision based on this document. Access to the products and services presented herein may be restricted for some individuals or countries. Taxation depends on the situation of the individual. The risks, fees and recommended investment period for the UCI presented are detailed in the KID and prospectuses available on Tikehau Investment Management's website. The KID must be made available to the subscriber prior to purchase. The main risks factors of the Fund are: risk of capital loss, liquidity risk, equity risk, risk of investing in speculative high-yield securities, interest rate risk, risk of engaging in forward financial instruments, counterparty risk, currency risk. The KID, the prospectus, as well as the latest annual and semi-annual reports, are available on the management company's website (<http://www.tikehauim.com>) and also free of charge in the local facilities as set out in the documentation of the UCI. Prospectus for Switzerland, Articles of Association, PRIIPS KID and annual and semi-annual reports are available free of charge from our Swiss Representative CACEIS (Switzerland) SA, Route de Signy 35, 1260 Nyon, Switzerland. Payment Service in Switzerland is CACEIS Bank, Montrouge, Nyon branch / Switzerland, Route de Signy 35, 1260 Nyon, Switzerland. The Sub-Fund may be made up of other types of share classes. You will be able to find more information on these share classes in the SICAV's prospectus or on the company's website. Source ICE Data Indices, LLC is used with permission. ICE® is a registered trademark of ICE Data Indices, LLC or its affiliates and BofA® is a registered trademark of Bank of America Corporation licensed by Bank of America Corporation and its affiliates ("BofA"), and may not be used without BofA's prior written approval. The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates ("ICE Data") and/or its third party suppliers and, along with the ICE BofA trademarks, has been licensed for use by Tikehau Investment Management. ICE Data and its Third Party Suppliers accept no liability in connection with the use of such index data or marks. See relevant documents for a full copy of the Disclaimer.

TIKEHAU INVESTMENT MANAGEMENT  
32, rue Monceau 75008 PARIS  
Tél. : +33 1 53 59 05 00 - Fax : +33 1 53 59 05 20

RSC Paris 491 909 446  
Numéro d'agrément AMF : GP07000006