

Press Release

Solactive and Axiom Alternative Investments launch Global CoCo Index

19 March 2019

Solactive and **Axiom AI** are pleased to announce the launch of the **Solactive AXI Liquid Contingent Capital Global Market TR Index (SOLAXICC)**, a tailored index for investors that seek broad access to a universe of liquid contingent convertible bonds (CoCos). The index development marks the first joint venture between the German Index provider and the French Asset Manager.

The index will be tracked by **UC AXI Global CoCo Bonds UCITS ETF**, the first global coco ETF launched by **Axiom AI** and pan-European bank **UniCredit**. Launched in July 2018, the index is **independently valued and published by Solactive**.

Essentially, Contingent Convertible bonds (Additional Tier 1 and Restricted Tier 1) are new subordinated debt format eligible for regulatory capital under Basel 3 and Solvency 2. They contain characteristics of both bonds and bank equities as they are debt instruments with a fixed-to-float coupon rate, which can, under predetermined criteria, be turned into regular if the capital of a financial institution falls below a pre-specified trigger level.

In a **low interest rate environment** and with the **search for yields**, CoCo bonds appear to be a segment capable of generating particularly **attractive returns** within the bond universe (SOLAXICC has a yield to maturity of 8.41%¹) making them an **alternative investment opportunity** to traditional fixed-income asset classes.

The Solactive AXI Liquid Contingent Capital Global Market TR Index **marks the first index to provide a currency hedged market-weighted exposure to the global CoCo Bond market**. It includes only issuers with an **investment grade rating on senior unsecured issuances** and EUR and USD denominated bonds. With €141 bn market capitalization, it is the largest CoCo index in the industry and the **most diversified** one by the number of constituents (123 bonds). These factors render the Solactive Axiom Liquid Contingent Capital Global Market Index, **the most scalable and liquid** support index for a Global CoCo bonds ETF.

Timo Pfeiffer, Head of Research at Solactive, commented: *"As a bridge between bonds and equity, contingent convertible bonds are an attractive vehicle for investors, giving exposure to the advantages of both financial instruments, while keeping a low bond-like risk profile. It was a pleasure to work with Axiom AI on this release, which opens up a new and exciting field for contemporary investors."*

¹ Source: Axiom. Data as of February 2019

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David Benamou, Founder and CIO of Axiom AI, said: *"We are delighted to have worked with Solactive who has proved to be a flexible, proactive and efficient partner. This tailored index allows investors to get a market-weighted exposure to the liquid CoCo bonds universe, an innovation on the market. Driven by long-term changes in the regulatory environment, leading to the emergence of new capital instruments and helping improve the quality of issuers, CoCo bonds are an essential segment in a diversified bond allocation."*

Laurent Dupeyron, Managing Director at UniCredit, said: *"Today's announcement is a major development for investors who can now gain market-weighted exposure to the CoCo universe in an easy and cost-effective manner, while still benefiting from a UCITS structure. With this launch, we are proving once again that we can respond flexibly to market developments and the demands of our clients."*

For further information, please visit: www.solactive.com

Note to editors

About Solactive

Solactive AG is an innovative index provider that focuses on the development, calculation and distribution of tailor-made indices across all asset classes. As at January 2019, Solactive AG served approximately 400 clients in Europe, America and Asia, with approximately USD 200 billion invested in products linked to indices calculated by the company globally, primarily via 380 exchange-traded funds from a number of well-known providers. Solactive AG was established in 2007 and is headquartered in Frankfurt.

About Axiom Alternative Investments

Axiom Alternative Investments was created in 2009 and is an independent asset management company, specialized in instruments issued by financial institutions, with a strong track record in managing funds exposed to the financial sector. As a specialist in the financial sector, the company now manages over USD1.3 billion through a range of open-ended funds and mandates covering all instruments issued by European financial institutions (senior debt, non-preferred senior debt, subordinated debt and equities) as well as credit derivatives. The company is regulated by the AMF, FCA and SEC. Axiom Alternative Investments markets its funds to institutional clients, Private banks, Family Offices and Asset Management Advisors. The company is based in Paris and London.

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