

7th May 2015

AXA IM SENIOR SECURED LOANS EXPERTISE

www.axa-im-structuredfinance.com

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What are Corporate loans ?

- Historically, **the most traditional route by which European companies have accessed debt markets**, unlike in the US, where bond (Investment Grade or High-Yield) issuance plays a greater role
- Those corporate loans can be bilateral, ie between a single bank and a corporate, or syndicated, i.e. provided by a group of lenders and structured, arranged, distributed and administered by one or several commercial or investment banks, referred to as arrangers
- Senior Secured Corporate Loans are a subset of the loan universe, and the one that saw the most meaningful intrusion of asset managers and institutions to gradually replace banks. As such, **the market now benefits from more than 10 years of track record through 2 full credit cycles**
- Broadly speaking, those loans are extended to issuers whose credit ratings are non-investment grade and their purpose can be
 - Financing an **acquisition by a private equity fund**
 - Financing a **strategic acquisition by a corporate**
 - Financing **Capital Expenditure**
 - **Refinancing** existing debt
 - Paying a dividend to shareholders
 - Or general corporate purposes
- The **security and covenant package** that come alongside the financing are seen as mitigants to the higher than normal level of debt put onto the company's balance sheet:
 - they ensure that all cash flows generated by the company will be earmarked to prepay the debt first, at least until a « normal » leverage has been reached.
 - In case the company defaults on its obligation, the security (often a share pledge) offers lenders the control over the company to enhance their ultimate recovery (through selling the company at a later stage or piece by piece for instance)

Why are corporate loans so resilient ?

■ Structural and contractual seniority

■ Access to collateral in case of default

■ Strong covenant structure

- Lender control and investor protection
- Max leverage, min interest coverage, min cash flow coverage on a maintenance basis (i.e. at any time throughout the life of the transaction)

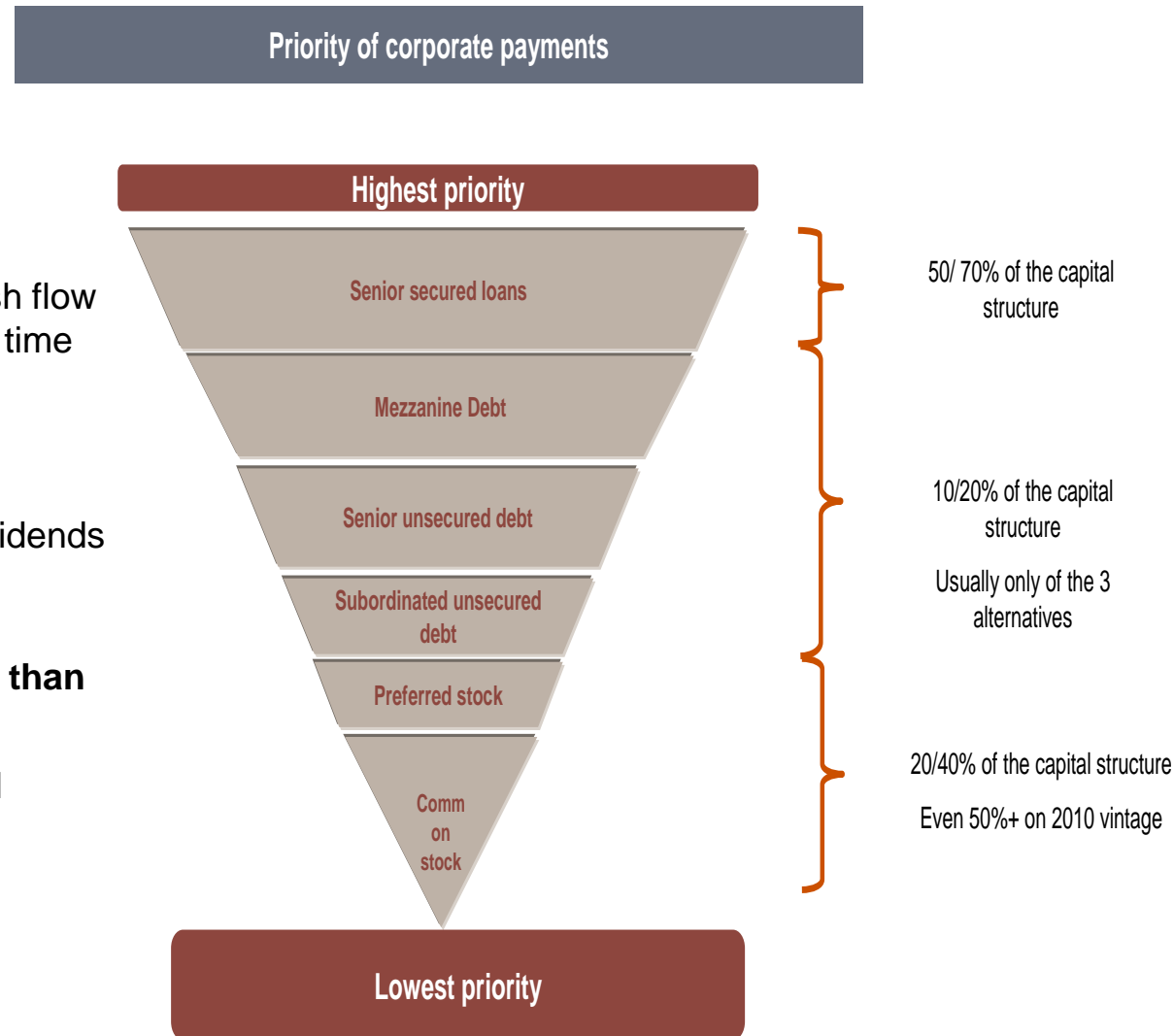
■ Protective legal documentation

- Limitations on indebtedness, acquisitions, dividends
- Change of ownership clause

■ Contractual maturity of senior debt is shorter than contractual maturity of subordinated debt

■ Privileged access to cash flows through legal documentation

- Excess cash flows
- Proceeds of asset disposals
- Proceeds of IPO/equity raising

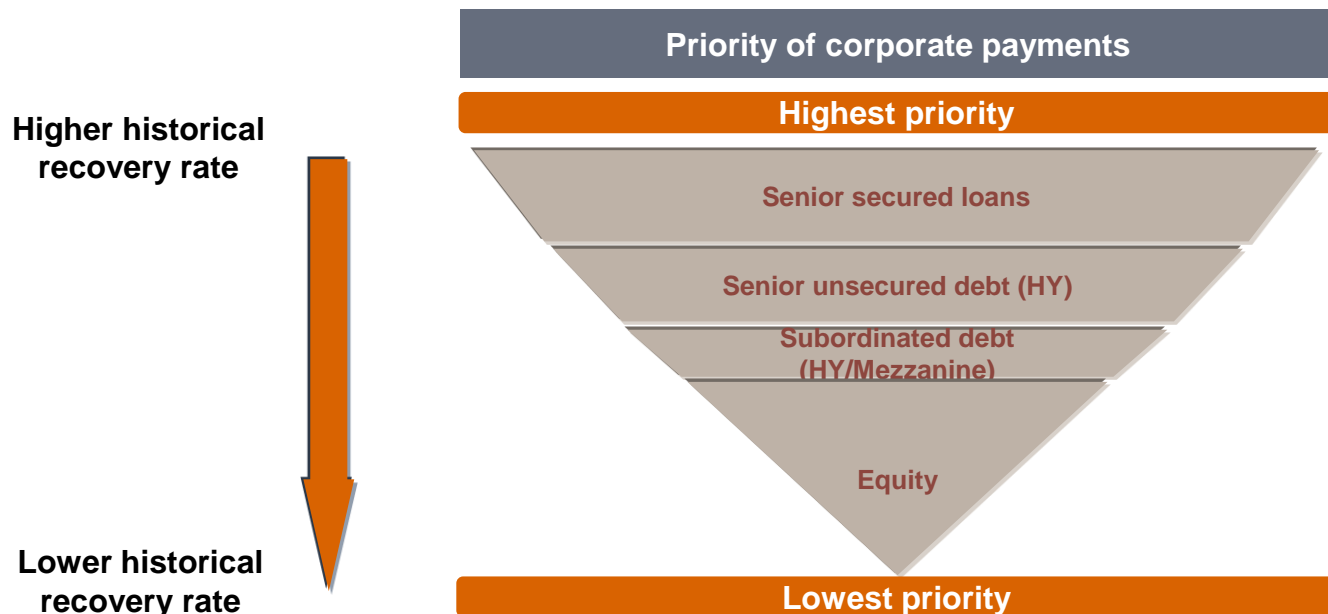


Corporate Loans : definition and main characteristics

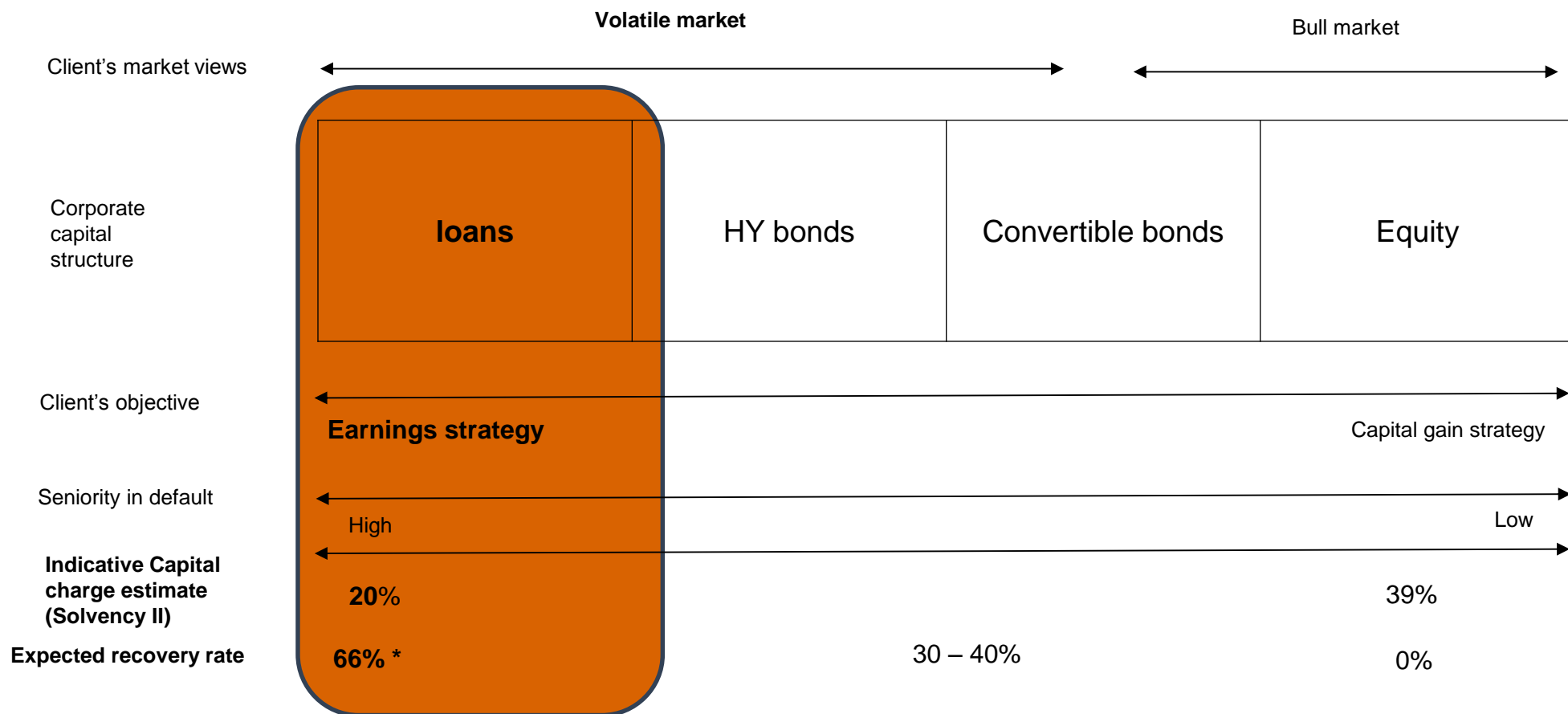
Corporate Loans come under various names: bank loans, senior secured loans or leveraged loans

Loans	Credit risk based on the ability of the borrower to generate cash-flows and refinance	Secured by physical assets and/or equity shares of the borrowers	Floating rate Margin over Euribor pre-payable at anytime at par	Average life of c. 3 to 5 years	Protective Covenants (on leverage, cash flow cover, additional debt, dividends, etc...)
Bonds		Usually unsecured, frequently subordinated	Fixed rate callable at specific conditions after some time	Average life of typically 7 to 10 years	Usually No Covenant

The most senior corporate debt asset



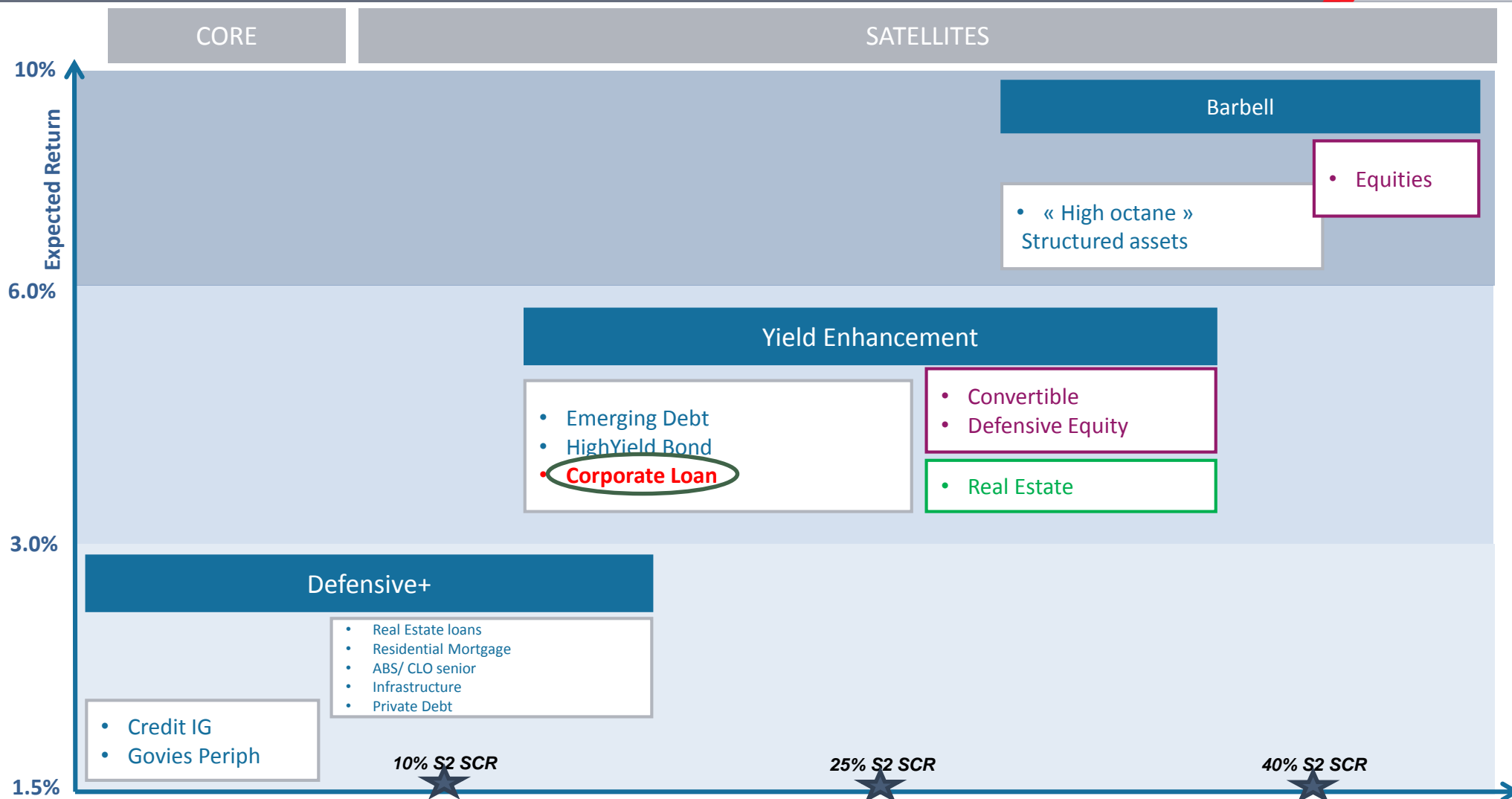
Corporate Loans positioning



* this expected recovery is based upon Moodys European Corporate Default Recovery study published on 19th December 2014 (data from 1985 to 2014 H1)

Asset hierarchy /

Where do Corporate Loans stand in the credit continuum ?



Corporate Loans are a key credit strategy in the Insurers' asset hierarchy

Source AXA IM

The expected return are indicative and provided for information purposes only. No representation is made by AXA IM that such return will be achieved. Actual results may vary and the variations may be material. The calculation of the S2 SCR is based upon a specific assumption set. AXA IM makes no representations about such assumptions and provides no assurance that the calculations can or will be realized. AXA IM expressly disclaims any responsibility for this calculation

Risk Profile (Volatility, capital requirement)

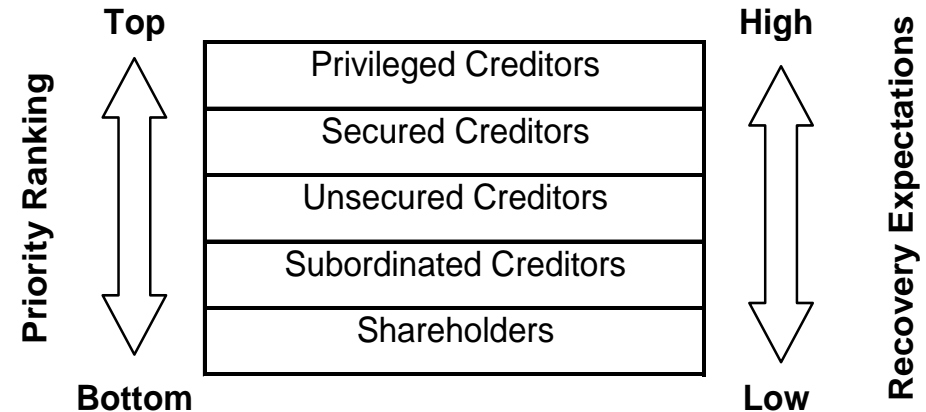
European Leveraged Loans and High Yield Bonds

	Leveraged Loans			High Yield Bonds	
	Senior	Second Lien	Mezzanine	Senior Secured	Subordinate
Seniority	First ranking	Usually ranks equal to senior, but above mezzanine and high yield	Ranks behind senior and second lien	Most of the high yield debt market is made of subordinated debt (which ranks behind senior and second lien) and which is unsecured (few senior secured bonds have been issued so far)	
Security	Enjoys first pledge over all major subsidiaries through combination of structural / contractual subordination	Shares security with senior. However, is second in line for repayment	Second/third (if structure has second lien)		
Spread/Coupon	Euribor + 250 to 500 bps	Euribor + 400 to 700 bps	Cash margin of Euribor + 400 to 600 bps and 450 to 700 PIK (i.e. capitalised interest)	7-9%	8-12%
Covenants	Broad range of financial and non-financial maintenance covenants tested every quarter			Incurrence covenants only (tested upon specific cases)	
Documentation	Extensive			Limited	
Secondary Trading Conventions	T+10 par, T+20 distressed			Usually T+3, exchange traded	
Coupon: Fixed/Floating	Floating			Fixed	
Maturity	Typically from 5 to 10 years (However, given that all loans are callable at par, the historical average life of loans is 2.5 years)			Typically 10 year	
Call Protections	Senior secured callable at any time. Call protections and premiums mostly for second lien and mezzanine.			Call protections	
Private / Public Rating	Mostly private ratings			Public ratings	
Volatility	Historically low, higher since summer 2007 (see p.7)			High (see p.7)	
Recovery in Default	Average historical rate of 70%			Average historical rate of 30%	

Typical Characteristics Of Secured Bank Loans Vs. HY Bond Notes

■ Priority ranking

- Bankruptcy laws in most jurisdiction sorts creditors into classes that determine the order in which they can make their claims:
 - *Privileged creditors* sit at the top of the pyramid and will be paid immediately, at minimum includes fees paid to insolvency professionals – depending on jurisdictions may also include certain wages and tax liabilities
 - *Secured creditors* come next; this class includes creditors that benefit from collateral security in support o their credit. These creditors are generally financial creditors, some wages and payments to certain suppliers may be included
 - *Unsecured creditors* are the vast majority of creditors, such as financial creditors, the majority of suppliers, and wages
 - *Subordinated creditors* include creditors who have formally agreed to be paid after other creditors (for higher yields) or are subordinated because of the organizational structure of the group
 - *Shareholders* sit a the bottom and get paid last
- The higher creditors are in the priority ranking the greater the chances of recovery



Typical Characteristics Of Secured Bank Loans Vs. HY Bond Notes

■ Secured Creditors

- Creditors are secured when they benefit from security or collateral in support of a debt instrument. If the company defaults the lender can repossess and realize the collateral to satisfy its claim against the company. Two different objectives may be achieved by requiring collateral:
 - To ensure that no other financial creditors will rank more senior in insolvency, enhancing recovery prospects
 - To achieve full recovery in an event of default
- Collateral may include
 - *Collateral secured by financial assets* : Cash / bank accounts, traded securities, Receivables, Insurance policies
 - *Collateral secured by tangible assets* : Inventory / stocks, Transportation and equipment, real Estate, Equipment
 - *Collateral secured by agreements of various types* : Right and patents, contracts and concessions
 - Intangible asset and shares in subsidiaries

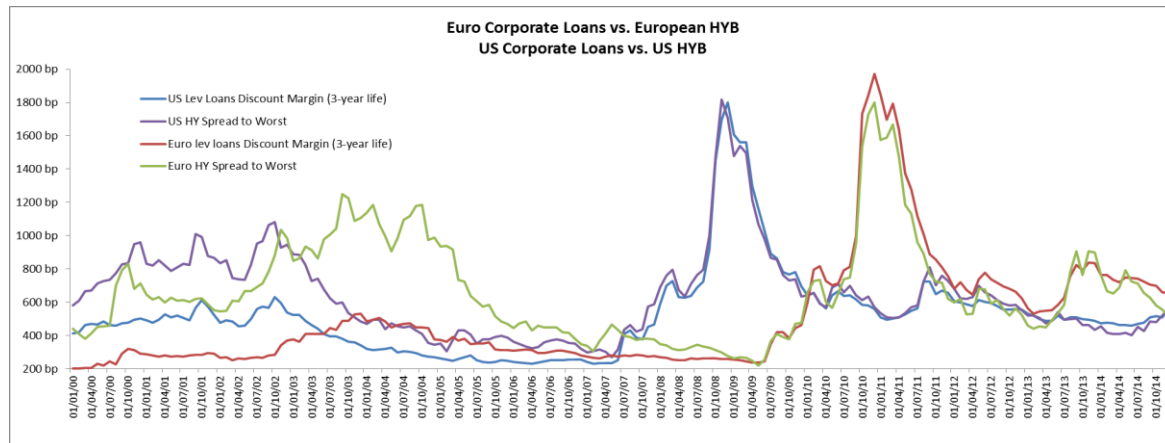
■ Covenants / Undertakings

- Loan agreements have a series of restrictions that dictate to varying degrees how borrower can operate and carry themselves financially. The size of the covenant package increase with the borrower's financial risk.
- The main objective being, to some extent, to control the financial risk in controlling debt issuance, in imposing reporting requirements (monthly, quarterly, annual financial statements, budget, annual meetings...) and cash usage (limitation on capex, acquisitions, disposals, guaranties, dividends...)
- Financial covenants will be set to ensure minimum financial performance measures against the borrower. These covenant are called maintenance covenant as the Borrower must maintain quarterly compliance or suffer a technical default on the loan agreement – this is a critical difference between loans and bonds (where financial covenants are incurrence based – i.e. not tested regularly but only when incurring additional debt, for instance).
- Financial covenant package usually includes at least a leverage ratio, a cash flow cover, an interest cover, a maximum capex covenant

Asset hierarchy /

Corporate loan vs. High Yield Bond : Same but Different

CORPORATE LOAN IS A BUILDING BLOCK OF THE HIGH YIELD BUCKET



MAIN STRUCTURAL DIFFERENCES LOANS / BONDS

	Senior secured loans	High Yield Bond
Payment	Floating	Fixed
Seniority	Higher	Lower
Secured	Yes	No
Callable	Yes	No
Liquidity (US\$)	High	High
Liquidity (Euro)	Moderate	Moderate
Volatility	Moderate	High
Documentation	Lender's friendly	Standard
Recovery rate	Higher	Lower
Settlement time	Weeks	Days

- **YIELD** for corporate loans comparable to HYB (As of 31st March 2015)
 - **European HYB** yield stands at **4,59%** (yield to worst offered by the CS Euro HY Bond index) vs. **Euribor + 518 bps** 3Y discounted margin for the CS Euro Loan index
 - **US HYB** yield stands at **6,60%** (Oil & Gas effect) vs. **Libor + 518 bps** for 3Y discounted margin CS US loans Index
- **DIVERSIFICATION BENEFITS ACROSS THE HIGH YIELD CREDIT UNIVERSE**
 - Only 13% overlap in number of issuers between European loans and European HYB
 - Only 27% overlap in number of issuers between US loans and US HYB
- **VOLATILITY** : A better suited asset class for insurers from an accounting volatility standpoint
 - **European Loan market** : Monthly volatility (annualized) : **3,84%**
 - **European HYB market** : Monthly volatility (annualized) : **7,01%**
 - **US Loan market** : Monthly volatility (annualized) : **5,75%**
 - **US HYB market** : Monthly volatility (annualized) : **7,85%**

(tracked by the Credit Suisse European and US Index from January 2010 to December 2014)

Source: Credit Suisse, March 2015

Past performance are not necessarily representative of future results. Historical market performance are not reliable indicators of future market behavior.

US – Europe: Main differences

Key data



As of 31st March February 2015 - Credit Suisse
Indices

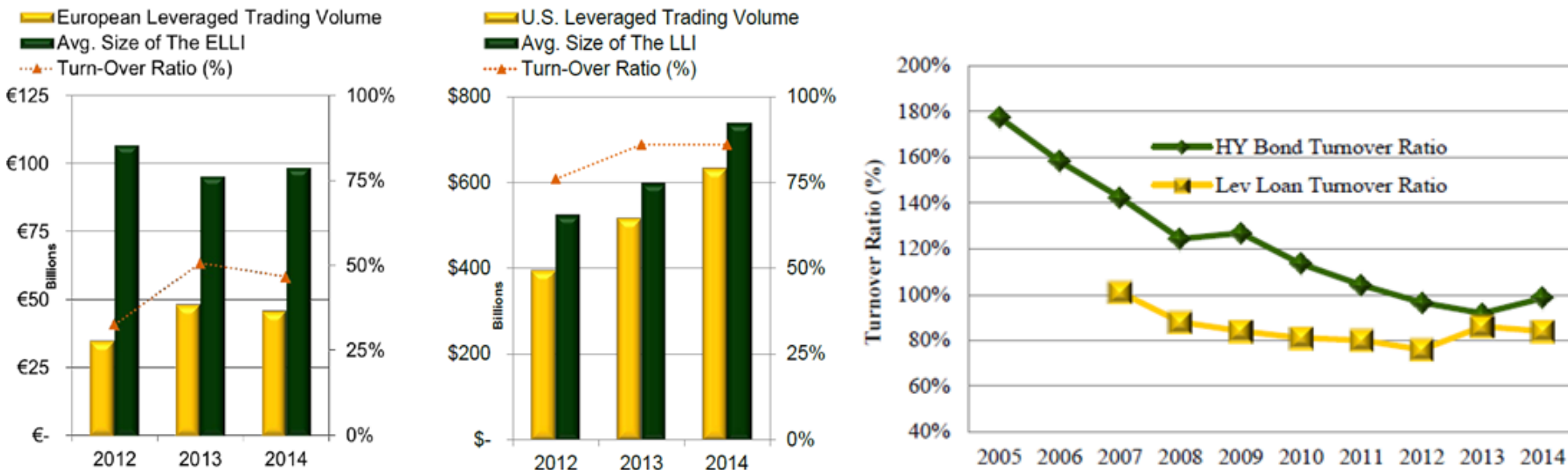
EURO LOANS

US LOANS

Approximate Size of the Loan Market	EUR 165 Bn	\$973 Bn
Number of issuers	250	1,643
Approximate size of the HY market	EUR 415 Bn	\$1,453Bn
Performance 2013	+8.7%	+6.2%
Performance 2014	+2.0%	+2,1%
Performance 2015 YTD	+2,2%	+2,1%
Discounted margin 3 years	Euribor + 518bps	Libor + 518bps
Spread	400bps	386bps
Average Market Price	97,7%	97,2%
Defaults last 12 month	4,1%	3,9%
Primary issuances Year-to-date 2015	EUR 20Bn	USD 60Bn
Primary issuances 2014	EUR 87Bn	\$443Bn
Quarterly repayment rate Q4 2014	7,3%	4,3%

Market liquidity provides valuable portfolio management tool

Volumes and Turnover in the US and EUR Leveraged Loan Markets



- Trailing 12m trend in loan turnover has been steady in the post-credit crisis period, averaging 83%
- This contrasts with the more worrisome trend in the high yield market which has been in steady decline and shows no signs of slowing
- The ownership base is also an important factor here with the loan market approximately 50% owned by CLOs, with another 3-5% in insurance portfolios, both of which have more permanent and consistent behavior.
- High yield, on the other hand, is nearly 50% owned by the more fickle retail buyer base, with only 11-15% held in insurance portfolios

Sources: LSTA Trade Data Study, Thomson Reuters LPC, S&P LCD, Barclays, Credit Alpha, Market Axess (12/31/14)

Loans are becoming a standardized asset class

Issue	Solution	Lead	Current Status
Loan identifiers	<ul style="list-style-type: none"> ▪ CUSIP and ISIN ▪ Bloomberg IDs ▪ Markit ID 	S&P	Live - Plan for 100% coverage for S&P
Counterparty identifiers	<ul style="list-style-type: none"> ▪ Market Entity Identifiers (MEIs) 	Markit	Live - Over 33,000 MEIs issued
Position reconciliation	<ul style="list-style-type: none"> ▪ Loan/Serv and LoanReach 	DTCC and Euroclear	Live - More than 5,800 facilities covered
Counterparty data (KYC)	<ul style="list-style-type: none"> ▪ Markit Document Exchange (MDE) 	Markit	Live - Account setup, MEI integration and manual flows complete
Messaging (too many faxes..)	<ul style="list-style-type: none"> ▪ WSOData/WSOFax/MarkitClear (trade documents) ▪ FPML (Swift type messaging system) 	Markit DTCC	FPML pilot is complete Integration of DTCC into Markit WSOData complete
Trade Matching & settlement	<ul style="list-style-type: none"> ▪ MarkitClear 	Markit	Live - 90% of US market share Live - 30% of EMEA market share
Delivery Vs Payment (DVP)	<ul style="list-style-type: none"> • LoanSERV • LoanReach 	DTCC Euroclear	UAT underway Interoperability between 2 systems
Settlement Data	<ul style="list-style-type: none"> ▪ WSOData (loan data) ▪ MarkitClear (trade data) 	Markit	Next step is to provide real-time
Trade capture/reconciliation	<ul style="list-style-type: none"> ▪ WSO (main data system for loan managers) ▪ MarkitClear 	Markit	19 of 20 top global traders use MarkitClear. Reconciliation will be automated
Loan Agents systems	<ul style="list-style-type: none"> ▪ ACBS, Loan IQ, FlexCube ▪ WSO, CDO Suite 		90% of Agents coverage 70% of Buy-side

Source: AXA IM

Loans are becoming tradable like bonds

Loans are now an asset class that is more transparent and tradable

- Loan Traders (55 contributors) give daily quotes through Markit (see on the right hand side)
- 70 loans in Europe are being traded everyday by the Street
- Loans can be easily priced like Floating Rate Notes through Bloomberg
- Settlement times (average 20-30 days) remain an issue but being currently addressed

<HELP> for explanation, <MENU> for similar functions.

N219 Corp YA

6) Save Customized Data 7) Restore Original Data BL721023 Corp Loan Yield Analysis

WIND SPA (WINDIM TL B1 1L EUR) 92.5000/94.0000 MSG1 @21:39:39

Calculator		Inputs	
Settlement Date	11/02/11	Funding Date	11/24/10
Price	94.0000 EUR	First Interest Payment Date	02/28/11
Z-DM	547.08 bp	Anticipated Repay Date	11/26/17
Yld w/Curve	7.615%	Principal Repay Rate	100.0000
Fixed Equivalent	7.2523%	Business Day Adjustment	Preceding Bus Day
Average Life	6.0665 yrs	Month End	Y
Floater	68.6194	Day Count	Act 360
Margin Value	25.3806	Payment Frequency	Q
		Fix Frequency	Q
Margin Scenario		Index Information	
Scenario:	FLAT	Benchmark Index	EURIBOR
		Today's Index	1.58200%
		Index Floor	0.00%
		Expiration	11/26/17
Invoice		Interest Information	
Face Amount	1,000,000.00	Last Index Reset Date	08/31/11
Assignment Fee	0.00	Last Index Value	1.54200%
Total Cost	940,000.00	Current Margin	425.00 bp
Accrued (63 Days)	10,136.00	Current Interest Rate	5.79200%
Ticket: B/S 90 Buy 91 Sell		Curve Information	
		Price Date	10/19/11
		Curve Settle	10/21/11
		Swap Curve	Euro

80) Main 1) Repayment Schedule 5) Cashflows

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2011 Bloomberg Finance L.P. SN 601685 CEST GMT+2:00 6698-534-0 19-Oct-2011 16:33:11

Markit Hub - Microsoft Internet Explorer fourni par AXA-IM

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Adresse: https://www.hub.com/mp/application.spg;sessionid=BC3F9A489D6A9B62E8D74519F85D3297.mp_app04_prod01?path=%2Fmp%2Fb64curlgen.op%3FValue%3DMzUsaHR0cHM%3F... OK Links

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markit loan pricing

Loans Analytics Portfolio SSL Tools Download

Add selected to portfolio Continue selecting Add all to portfolio Refresh

Info	Loan ID	Facility Name	Bid	Offer	Depth	Liquidity Score	Mark History	Valuation Feedback	Current S & P	Current Moody's	Spread to Maturity	Price Solver	News
<input type="checkbox"/>	LX110914	1-800 Contacts (309) Revolving Credit	97.180	99.180	implied						L+765.6		
<input type="checkbox"/>	LX110915	1-800 Contacts (309) TLB	98.000	100.000	2						L+703.3		
<input type="checkbox"/>	LX116882	1105 Media 1206 Acquisition Facility	85.000	87.000	implied								
<input type="checkbox"/>	LX113150	1105 Media 1206 RC	83.000	85.000	implied						L+4812.4		
<input type="checkbox"/>	LX099795	1105 Media 1206 TLA	85.000	87.000	1						L+5375		
<input type="checkbox"/>	LX099796	1105 Media 1206 TLB	85.000	87.000	1						L+1484.3		
<input type="checkbox"/>	LX114173	24 Hour Fitness 4/10 RC	91.915	93.290	implied				B+	Ba3	L+834.9		
<input type="checkbox"/>	LX114174	24 Hour Fitness 4/10 TLB	95.042	96.417	6				B+	Ba3	L+679.6		
<input type="checkbox"/>	LX030133	360 Network Equity	14.000	16.000	1								
<input type="checkbox"/>	LX120653	3M 8/11 RC	99.000	100.000	1						L+125.5		
<input type="checkbox"/>	LX117301	Aabar 12/10 (USD) TL	92.500	95.000	2								
<input type="checkbox"/>	LX092630	Abbot 3/08 (USD) TLB1	81.083	84.417	3				B	B3	L+812.2		
<input type="checkbox"/>	LX111068	Abbot 3/08 (USD) TLB2	80.833	84.167	3						L+820.4		

Source: AXA IM

Example of live runs on Bloomberg (Citibank)

				Corp	MSG
99<G0> for Bulk Mode 95<G0> for Search Settings 97<G0> for Advanced Search					
Search	AMIT RAJA	Refine Search	Settings	"amit" AND "raja"	
Options	Exact Match	<input checked="" type="checkbox"/> All Keywords	<input type="checkbox"/> Any Keywords	<input type="checkbox"/> This Phrase	Page 1
1)	10/14 16:18	AMIT RAJA/CITI LOAN:	TECHNOCOLOUR/TCH/THOMSON \$TL	82-83	2x2
2)	10/14 10:17	AMIT RAJA/CITI LOAN:	PROSIEBEN [LAVENA] MARKETS #1		
3)	10/14 10:16	AMIT RAJA/CITI LOAN:	PANRICO € 6-10	5x5	
4)	10/14 10:16	AMIT RAJA/CITI LOAN:	BOOTS €B 90½ -92½	2x2	£B 88-90 2x2
5)	10/14 10:16	AMIT RAJA/CITI LOAN:	ORION €TLA 73½ -75½	2x2	
6)	10/14 10:15	AMIT RAJA/CITI LOAN:	FORMULA 1 \$B 92-94	2x2	
7)	10/14 10:15	AMIT RAJA/CITI LOAN:	NUMERICABLE MARKETS #1	O.C.O.	
8)	10/14 10:14	AMIT RAJA/CITI LOAN:	THOMSON/TECHNICOLOR/TCH	MARKET #1	
9)	10/14 10:14	AMIT RAJA/CITI LOAN:	HEMA €BC 91-93	2x2	
10)	10/14 10:14	AMIT RAJA/CITI LOAN:	KAPPA SMURFIT €BC 99-100	2x2	
11)	10/14 10:13	AMIT RAJA/CITI LOAN:	TRAVELEX \$BC 97½ -99½	2x2	£PIK 92½ -9
12)	10/14 10:13	AMIT RAJA/CITI LOAN:	TRAVELEX \$BC 97½ -99½	2x2	£PIK 92½ -9
13)	10/14 10:12	AMIT RAJA/CITI LOAN:	GALA £B 79½ -81½	2x2	
14)	10/14 10:12	AMIT RAJA/CITI LOAN:	GRIFOLS €B 99-100	2x2	
15)	10/14 10:12	AMIT RAJA/CITI LOAN:	PAGES JAUNES MARKETS #1		
16)	10/14 10:11	AMIT RAJA/CITI LOAN:	NATIONAL GRID WIRELESS [NGW]	A1 82-84	2
17)	10/14 9:58	AMIT RAJA/CITI LOAN:	MAUSER €BC 75-78	2x2	\$BC 74-76 2x2
18)	10/14 9:53	AMIT RAJA/CITI LOAN:	KLOECKNER €BC 75½ -78½	2x2	\$BC 74½
19)	10/14 9:52	AMIT RAJA/CITI LOAN:	MOLNLYCKE €BC 97-99	2x2	
20)	10/14 9:52	AMIT RAJA/CITI LOAN:	PROSIBEN OPCO D 92½ -93	2x2	
45) Inbox	40) SCUDERC	47) AMIT RAJA	40) GS	40) PAUL SENNETT	80) More...
Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000					
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2011 Bloomberg Finance L.P.					
SN 601685 CEST GMT+2:00 6698-534-0 19-Oct-2011 17:11:46					

40 most liquid names traced daily by Reuters

TRLPC Lev Top 40

Rates	3M
Euribor	1,578%
GBP	0,967%
USD	0,406%

Todays Date	17-oct-11
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Top 40 Lev

	%	bps
Avg YTM	8,394%	839
Avg Yield	8,808%	881
Avg Spread	7,330%	733
Avg Bid		Avg Offer
Avg Loan Price	89,585	91,244
		bps
Change from prior day	89,465	12
Change from prior week	88,845	74
		No of tranches
Gainers	42,50%	17
Decliners	20,00%	8

* Secondary Yield and Spread based on an assumption of 3 year life.

LIN	Company Name	Currency	Tranche	Contractual Spread	Maturity date	Average Bid	Average Offer	Change from prior day
A000DY020TB01	Alliance Boots Plc	GBP	TLB	275	26-juin-16	88,250	90,083	0,000
A000AL039TB01	Autobar Group Ltd	EUR	TLB	500	06-août-17	96,583	98,250	0,000
A0009L049TB01	Avio SpA	EUR	TLB	237,5	13-déc-14	93,716	95,557	0,230
H0005S033TB01	AVR Holding	EUR	TLB	400	29-mars-15	88,571	90,571	0,000
B000AF045TB01	Biffa Waste Services Ltd	GBP	TLB	350	15-juin-16	77,083	78,917	-0,167
B00050055TB01	Brenntag AG	EUR	TLB	200	01-janv-14	98,167	99,167	0,000
B0007T019TB01	BSN Medical GmbH	EUR	TLB	250	20-mars-14	97,667	98,917	0,167
C000GP014TB02	Capio AB	EUR	TLB	225	15-avr-15	96,889	98,667	0,000
E00060010TB01	Eircom Group Plc	EUR	TLB	187,5	30-avr-15	68,175	69,625	-0,044
E00064020TB01	Elior SA	EUR	TLB (Holdco)	200	07-août-14	92,875	94,875	0,125
F0005R011TB01	Formula One Administration Ltd	USD	TLB	237,5	05-janv-14	90,875	92,750	-0,054
F0003Q049TB01	Frans Bonhomme SA	EUR	TLB	212,5	25-avr-15	63,300	66,500	0,000
G0003E045TB01	Gala Coral Group Ltd	GBP	TLB	500	03-mai-18	80,286	81,857	0,500
G0007L019TB02	Grifols SA	EUR	TLB	475	14-oct-16	98,042	99,375	0,000
I00058010TB01	IGLO Birdseye	EUR	TLB	400	02-nov-14	98,250	99,688	-0,023
I0007D017TB01	Ineos Group Ltd	EUR	TLB1	450	11-déc-13	98,792	99,750	0,381
I0004H032TB02	ISS A/S [International Service System	EUR	TLB	350	02-avr-15	98,938	99,813	2,396
I0004Z029TB01	Ista International GmbH	EUR	TLB	200	07-juin-15	90,500	92,083	0,500
K0002W035TA01	KDG - Kabel Deutschland	EUR	TLA1	350	31-mars-14	96,643	97,786	0,093
M0006G057TB01	Materis SA	EUR	TLB	237,5	13-mai-14	85,500	87,333	-0,500
M0007F058TB01	Mivisa Envases SAU	EUR	TLB	475	08-févr-18	95,125	97,125	0,000
M0008K031TB01	Molnlycke Health Care AB	EUR	TLB	200	09-avr-15	96,583	97,917	0,083
N00049021TB01	New Look Group Plc	GBP	TLB	275	14-juil-13	89,300	91,800	-0,033
N0006X026TB01	Numericable SAS	EUR	TLB	375	31-déc-16	81,583	83,167	0,183
O0003A010TB01	One Austria GMBH(One Mobile)	EUR	TLB	275	03-janv-16	82,563	84,813	0,146
P0009H026TA02	PagesJaunes Group	EUR	TLA3 (Opco)	350	04-sept-15	65,333	68,167	0,167
P0009L019TB01	Phadia AB	EUR	TLB	212,5	06-mars-15	98,975	100,075	0,000
P0005Y056TB01	Picard Surgeles SA	EUR	TLB1	500	13-sept-17	98,531	100,094	0,000
P00061038TC02	ProSiebenSat 1 Media AG	EUR	TLC (Opco)	187,5	19-juin-15	90,000	91,700	0,000
R0008U018TB01	RAC Ltd	GBP	TLB	475	19-juil-18	96,625	98,000	0,000
S00086036TB01	SEAT Pagine Gialle	EUR	TLB	376	21-juin-13	71,300	73,300	0,200
S0008N027TB01	Smurfit Kappa Group	EUR	TLB1	187,5	16-juil-14	98,250	99,364	0,023
T0005P036TB01	Telediffusion de France SA (TDF)	EUR	TLB	200	20-mai-15	79,609	81,266	0,056
U0002L028TB01	United Biscuits Finance Plc	GBP	TLB	250	23-janv-15	90,214	92,071	0,000
U0001R079TL0C	UPC Broadband Holding	EUR	TLM	200	31-déc-14	90,542	92,208	-0,021
V0002K037TB01	Vivarte SA	EUR	TLB	200	28-mai-15	78,773	80,773	0,273
V0003X029TB01	Vveetabix Ltd	GBP	TLB	225	03-mai-15	92,000	93,714	0,000
W0003R048TB01	Wind Telecomunicazioni SpA	EUR	TLB	425	02-nov-17	92,361	93,472	0,111
V0006P029TB03	WorldPay Ltd	EUR	TLB	425	14-oct-17	98,196	99,554	0,000
Z0000P018TB01	Ziggo BV (Casema)	EUR	TLB (extended)	325	01-mars-17	98,438	99,625	-0,007

APPENDIX - MARKET UPDATE

ANNEX: Average Recovery Rates And Standard Deviations On Historical Defaults (S&P data)

Average Recovery Rates And Standard Deviations On Historical Defaults*

Type	Recovery (%)	Standard deviation (as % of par value)	Observations
Secured bank debt	79.37	29.36	1431
Senior secured notes	62.93	32.83	363
Senior unsecured notes	47.20	33.62	1189
Senior subordinated notes	32.43	34.92	540
Subordinated notes	28.99	34.38	416
Junior subordinated notes	18.33	29.46	54

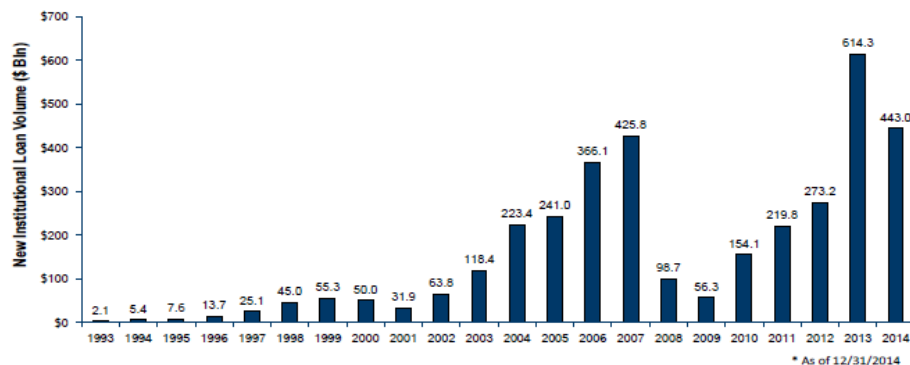
Secured term loans vs. secured notes

Type	Recovery (%)	Standard deviation (as % of par value)	Observations
Term loan--secured	74.63	31.04	710
Senior secured bonds	62.93	32.83	363

*Based on S&P LossStats database--1987 through Q3:2010. The data in this table are updated through the third quarter of 2010, unlike the other data referenced in this report. Note that the recovery data do not represent a normal distribution (i.e., the centralized clustering of a bell curve), and that actual recoveries cannot be below zero and the allowed claim is capped at 100%. Even so, we believe that the standard deviations shown in the table are a useful indicator of variability.

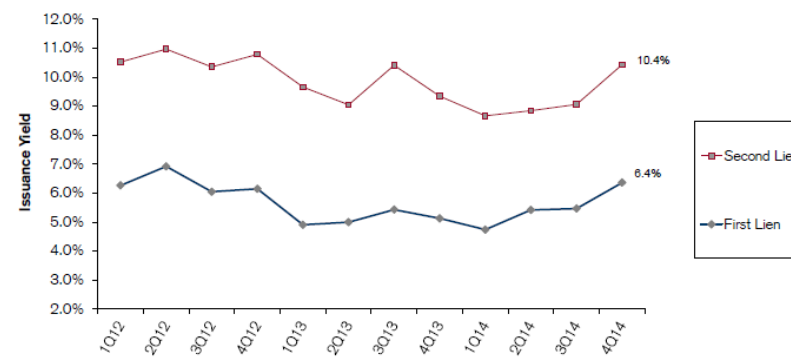
US Loan Primary market: still a growing market with attractive return in the primary market

Institutional US Loan Primary Market



Source: Credit Suisse, S&P LCD

Primary yield



Source: Credit Suisse

Credit Suisse projections for new issuances

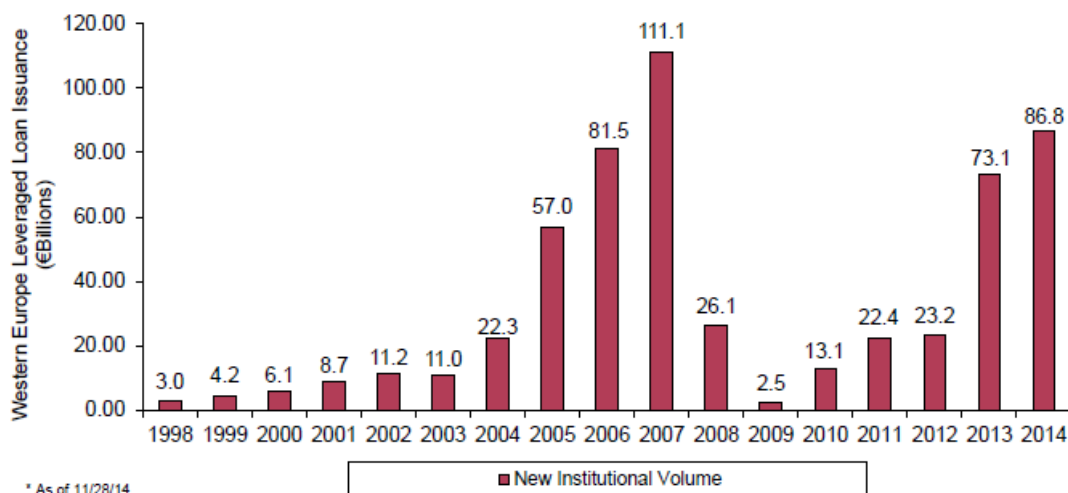
Issuance volume summary	Actual 2012	Actual 2013	2014	Projected 2015
US Instit loans USD Bn	273	616	443	400

Source: Credit Suisse January 2015

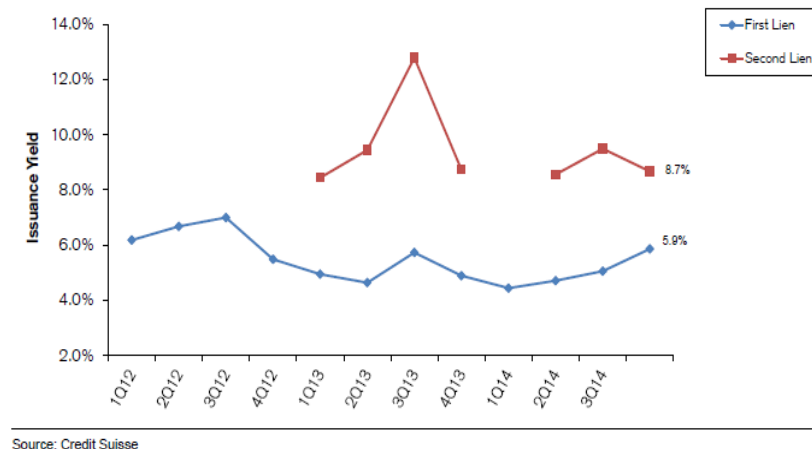
Source: Credit Suisse January 2015. Past performance is not a guide to future performance

European Loan Primary market: market size has increased again with attractive primary returns

European Loan Primary Market



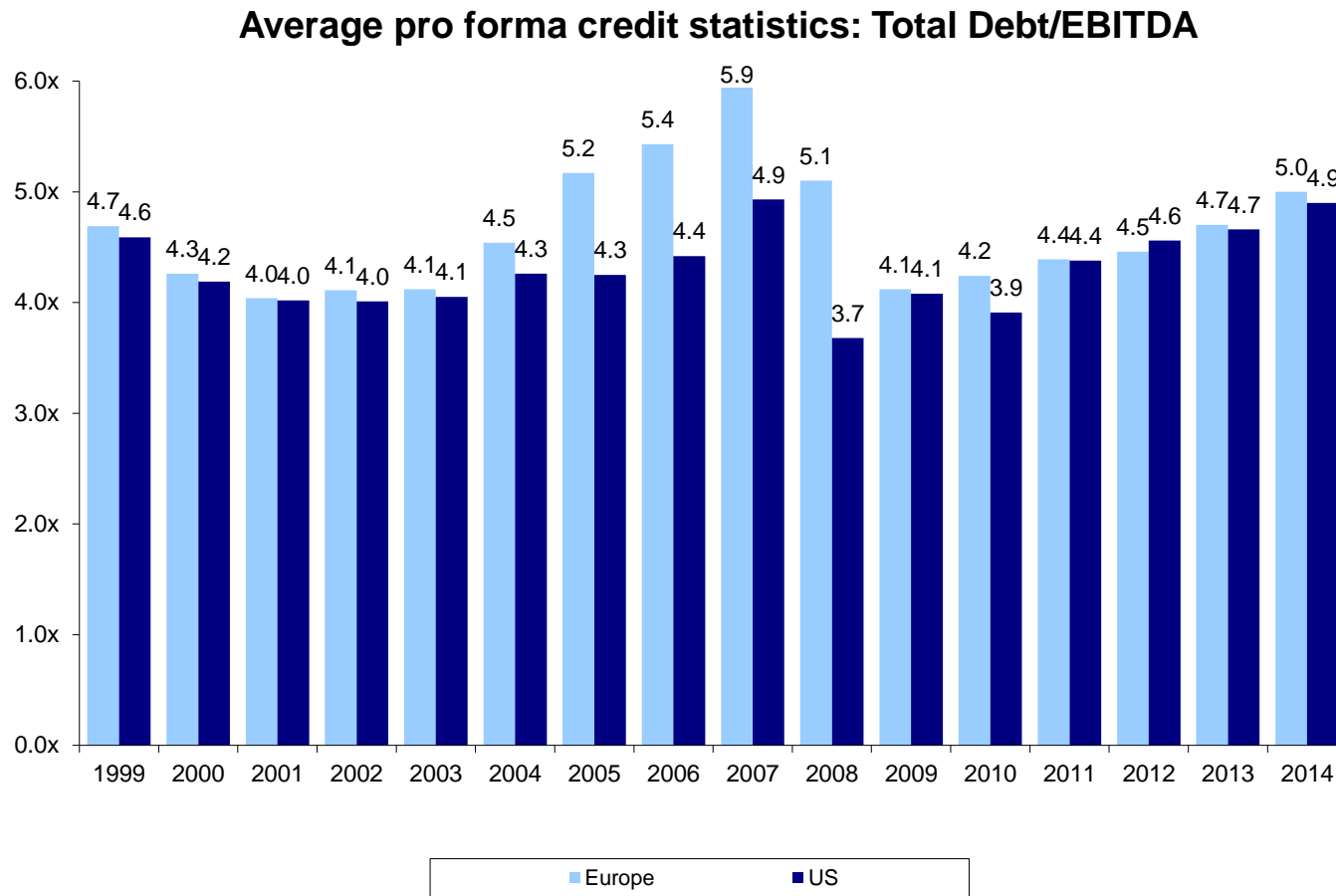
Primary yield



Credit Suisse projections for new issuances

Issuance volume summary	Actual 2012	Actual 2013	2014	Projected 2015
West EURO Instit loans EUR Bn equiv	23	73	87	110

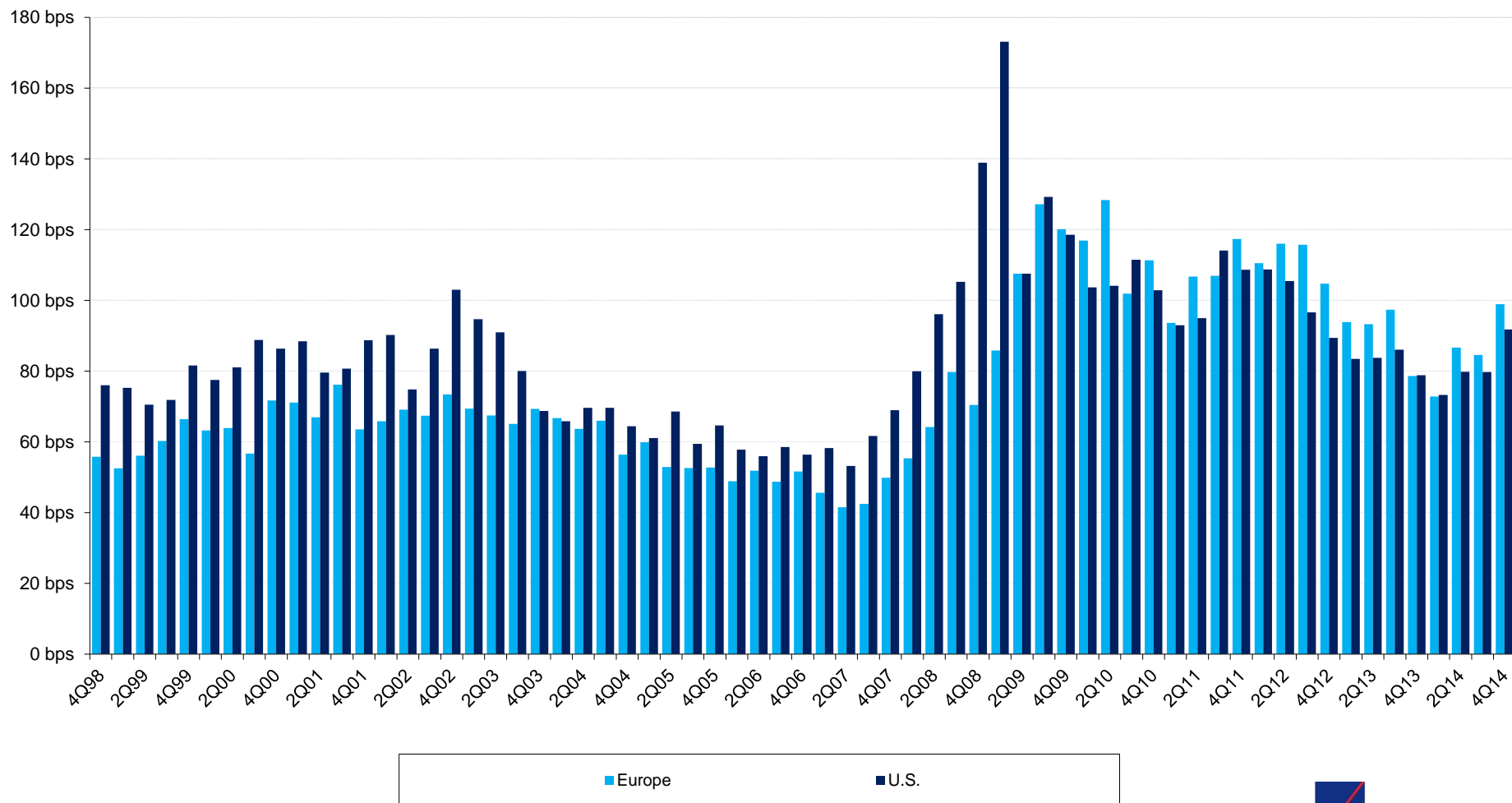
Leverage is below 5x in both markets



U.S. is Large Corporate Transactions (more than \$50M of EBITDA) on an Adjusted basis

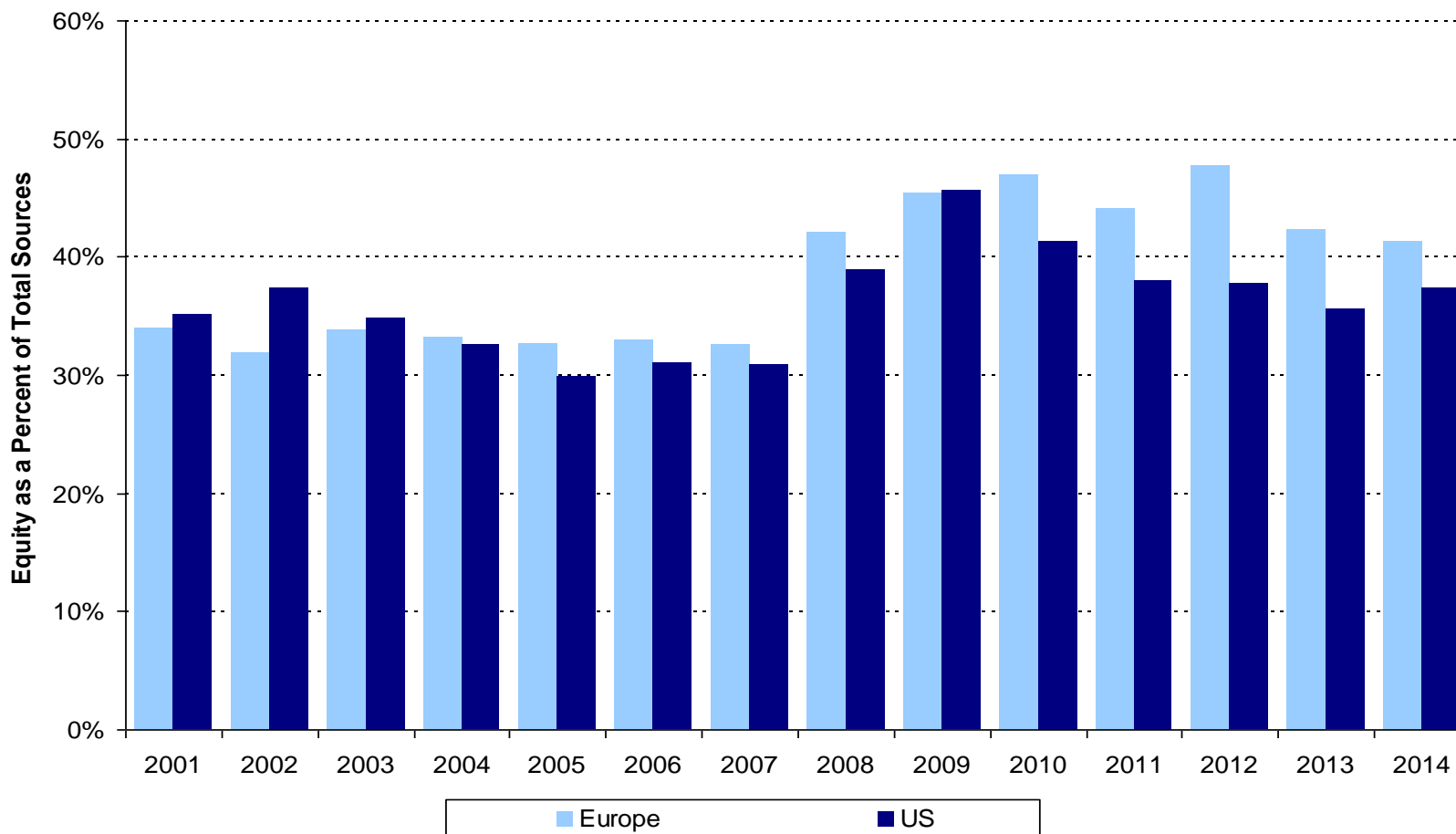
Spread per unit of leverage still attractive at 90bps per turn of leverage in both markets

Spread per unit of Leverage



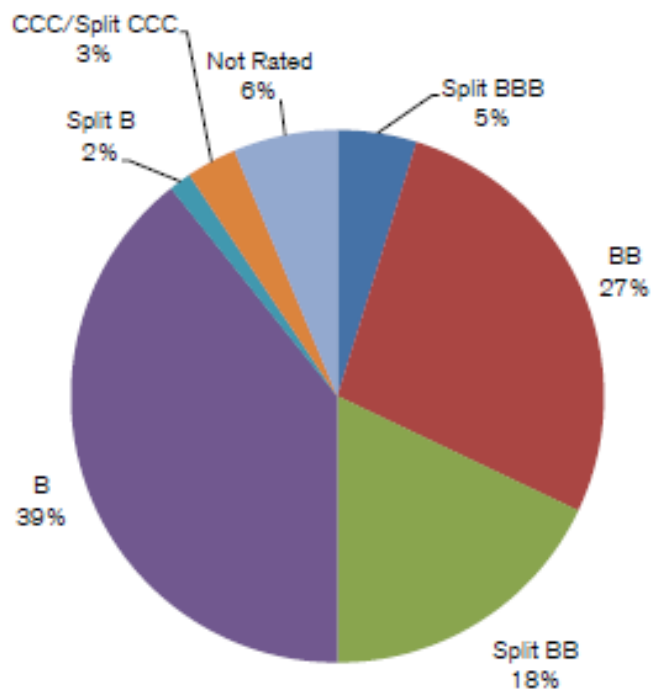
Average contributed equity above 2007 levels

Average contributed equity

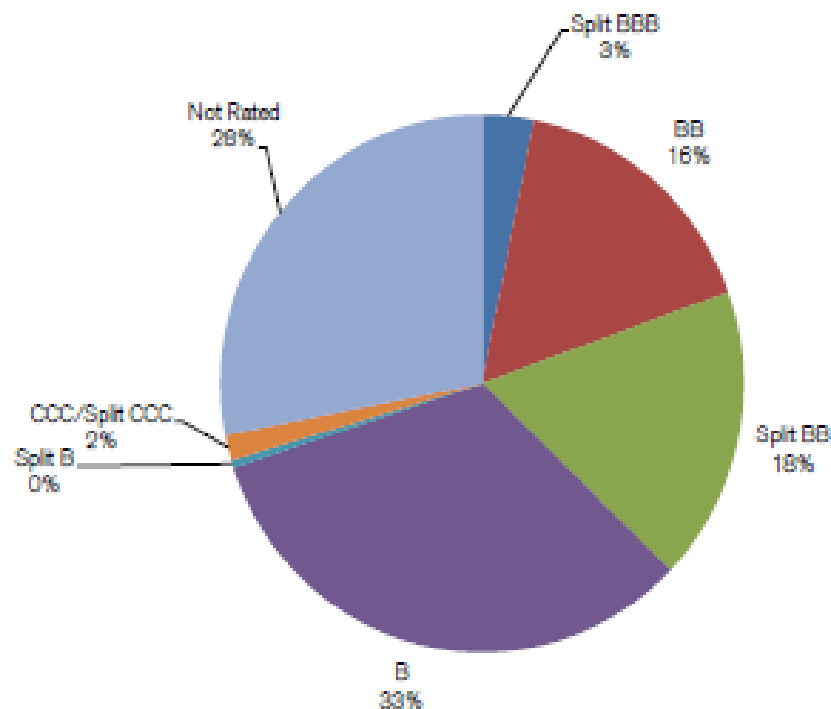


Historically the US Loan market has a greater depth of BB-rated loans than the European market

US public ratings for loans



European public ratings for loans

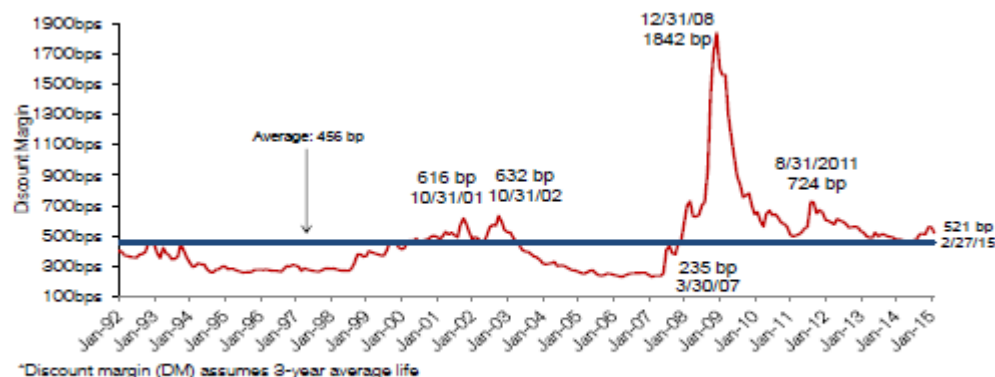


Relative value in the US: High Yield Vs Leveraged Loans

■ At the end of February 2015:

- 512 bps of spread-to-worst for High Yield bonds
- 521 bps discount margin for loans above the historical average

Leveraged Loan Discount margin 3 years



Source: Credit Suisse

Average spread to worst of the Credit Suisse High Yield Index



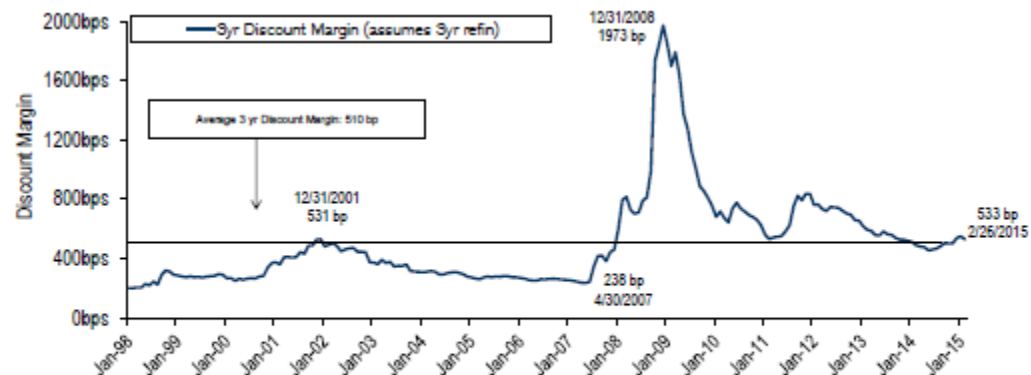
Source: Credit Suisse

Relative value in Europe: High Yield Vs Leveraged Loans

■ At the end of February 2015:

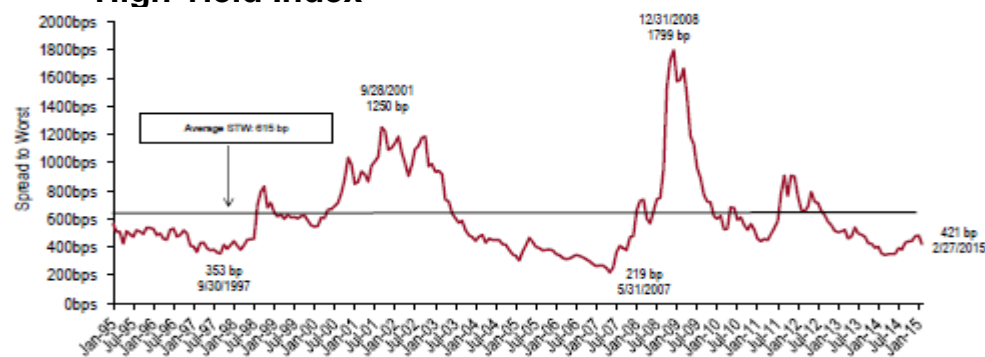
- 533 bps Discount for European Loans at the level of the historical average
- 421 bps spread-to-worst for HY bonds well below the historical average

Leveraged Loan 3 yrs Discount Margin



Source: Credit Suisse

Average spread-to-worst of Credit Suisse Western European High Yield Index



Source: Credit Suisse

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