AXIOM LUX
Société d'Investissement à Capital Variable
Registered Office: 5 Allée Scheffer, L-2520 Luxembourg
R.C.S Luxembourg B 196052
(the “**Company**”)

NOTICE TO SHAREHOLDERS OF THE SUB-FUND
AXIOM LUX – AXIOM CLIMATE FINANCIAL BONDS
(THE “SUB-FUND”)

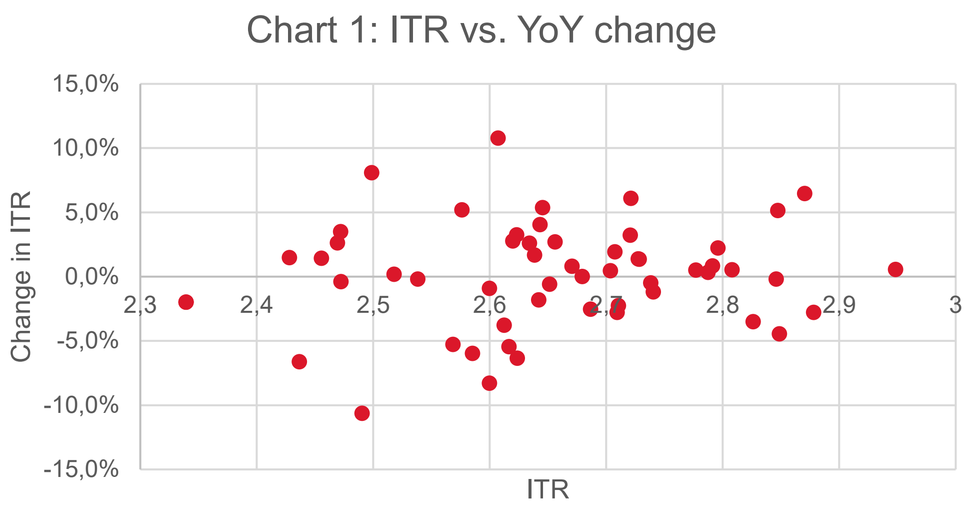
Luxembourg, 28 January 2025

Dear shareholder,

The board of directors of the Company (the “**Board**”) hereby informs you as a shareholder of the Sub-Fund that it has been decided to amend the *pre-contractual disclosure* annex of the Sub-Fund as it is more specifically explained hereafter, with effect as from 31 January 2025 (the "**Effective Date**").

The selection of issuers based on their performance of the three pillars of the Axiom Climate Readiness Score (“ACRS”) will not change, however, the Sub-Fund’s objective to reach 2,5°C by 2024 and 2,0°C by 2030, as it is currently indicated in the pre-contractual disclosure annex of the Sub-Fund, cannot be reached and will consequently be removed. The main reasons for this change are listed hereafter:

- European banks are not decarbonizing their portfolios at a pace that is compatible with the Sub-Fund’s objective. The management company of the Company (“**Management Company**”) measures this through their Implied Temperature Rise (“ITR”). These estimates do not show the progress required to continue a decarbonisation strategy with the same ambition while maintaining a similar risk-return profile:
    - There was an average increase of 0,1% in the ITR of issuers with an ACRS score, while the year on year (“YoY”) decrease in the ITR set internally to be able to achieve the 2024 target is of -2,6% and -4% between 2025 and 2030.
    - Only 12 issuers (out of 55) showed a decrease of at least -2,6%, of which 8 showed a decrease of at least -4% (see chart #1).There are few issuers with an ITR that is below 2,5°C. Only 10 issuers have an ITR of 2,5°C or less, with the lowest ITR being 2,3°C (see chart #1).
- While the ACRS allows to identify leading banks in terms of climate change mitigation, the steering of the banks’ portfolio is limited by the pace of decarbonization of the real economy. The Management Company results indicate that the real economy is not decarbonizing quickly enough to achieve the Paris Agreement goals.



(chart #1 illustrates the issuers included in the investment universe for which an ITR can be calculated and does constitute an illustration of the Sub-Fund's portfolio)

Alternative approaches to target setting have been explored, but further developments in the frameworks are needed to be able to use them in the investment strategy. In particular, the Science Based Target Initiative's Financial Institutions Net Zero Standard[1] and the Net Zero Investment Framework[2] from the Institutional Investors Group on Climate Change ("IIGCC") were reviewed. The latter was deemed to be more appropriate, as it considers the banking sector as a material sector for climate change and has a high focus on qualitative analysis. However, more specific sector guidance is needed to properly address the challenges of analysing the banking sector. The Management Company will continue to explore the integration of a decarbonisation approach in the Sub-Fund.

Meanwhile, the Sub-Fund has replaced the decarbonisation objective by a commitment to:

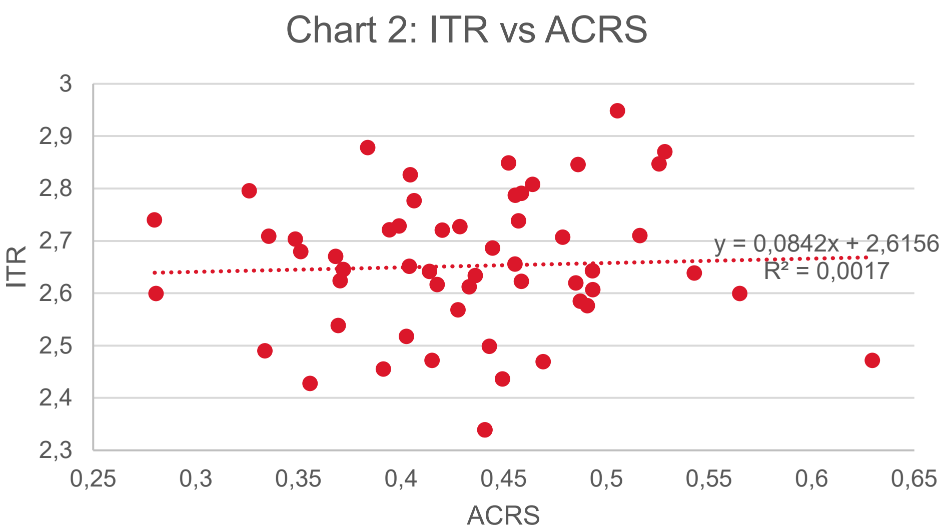
- carry out engagement with at least 10% issuers with an ACRS in the investment universe of the Sub-Fund;
- have a total ACRS that improves year on year; and
- have a total ITR that improves year on year.

To be able to further support the decarbonisation of financial institutions' lending portfolios, the Management Company has decided to set an engagement target of 10% of issuers with an ACRS in the investment universe of the Sub-Fund. An engagement strategy will be developed for each issuer to:

i. address gaps in their ACRS, with a particular focus on pillar 1 (corporate engagement), which assesses their climate strategy and pillar 2 (climate-related risks), which assesses their exclusion policies; and
ii. ask for their adherence to the principles for responsible banking, which is mandatory for any issuer in the Sub-Fund.

Selection of leaders in the sector will be guaranteed by the commitment to increase the ACRS and the ITR. While the ITR captures the compatibility of lending books with climate goals, the ACRS captures financial institutions' best practices in terms of integration of climate change considerations (both risks from and contribution to climate change). A leading issuer is therefore one with a high ACRS and a low ITR. Chart #2 shows, that there is still room for progress, as there are very few issuers at the bottom right of the chart.

[1] https://sciencebasedtargets.org/net-zero-for-financial-institutions
[2] https://www.iigcc.org/net-zero-investment-framework



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Please note that the changes described above will be effective on the Effective Date.

Should you have any questions regarding the content of this notice, please contact the Company at its registered office (5 Allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg).

The Board