

Celebrating 10 Years of Euro Credit Total Return strategy

Boutaina Deixonne, Head of Euro IG& HY Credit, Benoit de Laval, Senior Portfolio Manager, Gonzague Hachette, Euro Credit IG & HY Investment Specialist

Boutaina Deixonne, Head of Euro IG& HY Credit

In 2015, with massive central bank interventions leading to strong compression of the yield available to investors, we launched our flexible total return approach for euro credit market to meet the growing needs of investors.

We wanted to offer a product that was not constrained by a traditional index, but that tried to build a strategic portfolio allocation that we believe is likely to perform better in different market contexts.

Indeed, at that time, clients told us that they wanted to have an innovative and flexible strategy, able to adapt in periods of market volatility that we are going through and generate a performance that was uncorrelated with both rates and credit markets.

I still remember the energy that we felt and put into creating something different and innovative from what was available on the market at that time.

It's really gratifying to see the success of this product today.

Benoit de Laval, Senior Portfolio Manager

I joined AXA IM in 2019 and I feel lucky to manage this strategy, which is becoming increasingly successful ten years after its launch.

My background is a bit of a mix. I studied engineering, but I also did a dual degree at a business school specialising in market finance. That combination felt like the perfect path to pursue a career in asset management, which I always found fascinating.

Having that technical foundation, where precision and attention to detail are key has been a huge advantage in managing a strategy like this.

It's the kind of work where every detail matters, and I often think of implementing our investment ideas as being a bit like solving a math problem — it's all about logic and structure.

How do you work together to find the best opportunities ?

Boutaina Deixonne, Head of Euro IG& HY Credit

I started my career as an investment grade credit analyst before moving into high yield. That experience gave me a solid foundation in understanding and selecting the companies and sector we invest in, those most likely to outperform.

Even now, analysing businesses and names remain one of my biggest passions. It also taught me how we communicate effectively with portfolio managers and clients, which has been extremely helpful.

Over the years, I've realised that these skills are at the core of our investment process. While we focus on understanding how macroeconomic factors impact asset valuation, we're always on the lookout for opportunities in the euro credit universe.

That's where our analysts play a crucial role. It's a team effort, everyone contributes to finding the best opportunities and ensuring we're taking on risk that is appropriately rewarded.

Gonzague Hachette, Euro Credit IG & HY Investment Specialist

Clients often ask how Boutaina and Benoit decide which issuers to invest in, or how we make strategic calls on duration, especially given the flexibility we have.

This is where our collaborative approach really comes into play. We meet regularly as a team to exchange investment views, share our best ideas and explore opportunities that might not be accessible to benchmark funds.

But it doesn't stop there. We are in constant discussions with our credit research analysts, our economists, and our trading team.

These discussions help us better understand the overall macroeconomic landscape, assess market liquidity and identify interesting opportunities in the euro credit space. The exchange of information within the team is key and is part of what we call “collegiality”.

The different market cycles I have gone through in recent years have only confirmed in my mind the importance of certain aspects of my job: the rigor of the investment process, doubt and collegiality.

Through our management, we can invest in a very broad credit universe with the constraints of maintaining an average investment grade rating.

Our objective is therefore to detect rising stars and fallen angels. This analysis, which can truly impact the performance we deliver, is based on in-depth financial analysis and open discussion with the team.

And of course, when it comes to ESG, the insights from our analysts are often much more useful than just relying on data alone.

What do you enjoy most about being lead portfolio manager for Euro Credit Total Return strategy ?

Managing an unconstrained strategy is great for any portfolio manager who has strong convictions. In this strategy, we can fully express those convictions.

The strategy has great flexibility on both duration and credit, which in my view is the best way to deliver alpha in different market phases.

I'm very proud of this strategy, which has a strong track record and now as a great visibility in the market.

Source : AXA IM as of January 2024

Important information

No assurance can be given that our investment strategies will be successful. Investors can lose some or all of their capital invested. Our strategies are subject to risks including, but not limited to: equity; emerging markets; global investments; investments in small and micro capitalisation universe; investments in specific sectors or asset classes specific risks, liquidity risk, credit risk, counterparty risk, legal risk, valuation risk, operational risk and risks related to the underlying assets.

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