



## WORLD CLIMATE NAVIGATOR 90% PROTECTED

MARCH 2024 NEWSLETTER

theam QUANT FUNDS

## MARKETING COMMUNICATION | FOR PROFESSIONAL CLIENTS ONLY

This document has been prepared for discussion purposes only and does not constitute an offer or a solicitation to engage in any trading strategy or the purchase or sales of any financial instrument.

## INVESTMENT OBJECTIVE

The THEAM Quant – Equity World Climate Navigator 90% Protected Fund seeks to increase the value of its assets over the medium term by being exposed to a dynamic basket of global equities listed on developed markets, the components of which, are chosen using a systematic selection method based on companies' environment, social and governance (ESG) criteria as well as carbon emission, energy transition and financial robustness criteria. Additionally, it benefits from a protection mechanism whereby, at least until 4<sup>th</sup> March 2024, the fund's Net Asset Value (NAV) will not drop below 90% of the highest NAV attained since inception.

## STRATEGY

The fund's strategy consists of the following elements:

- A **Dynamic Asset**, which offers exposure to Socially Responsible Investment (SRI), through the Equity World Climate Care Strategy, the components of which, are chosen quarterly using the following approach:
  - From the investment universe (comprising ~ 2400 companies listed on global developed markets), companies which have any involvement in controversial activities/products/issues such as armament, alcohol, tobacco, etc. are excluded, on the basis of their respective Moody's ESG Solutions and/or BNPP Asset Management ESG scores.
  - Among the remaining, companies are then filtered using a proven best-in-class financial approach focusing on core metrics such as profitability, prospects and valuation. Portfolio selection is also subject to risk control and sectoral/geographical diversification.
  - Finally, only those companies with the best energy transition strategy in their respective sector are chosen, and the portfolio is so constructed, such that it will have an average carbon footprint reduced by at least 50% compared to the investment universe, and will maximize its energy transition score, given the other portfolio constraints.
- The **IsoVol Mechanism** which aims to control, and maintain the volatility of the Equity World Climate Care Strategy at or below 5% by using a Bond Portfolio, consisting of government bonds and/or money-market rates or cash
- The **Protection Mechanism** which is a systematic option-writing mechanism designed to protect the NAV of the fund at least at 90% of the highest NAV level reached since inception.

*These internal guidelines are for indicative purposes only; Prospectus and KID are prevailing.*

## PERFORMANCE

| As of 28/03/2024                      | THEAM Quant – World Climate Navigator 90% Protected <sup>1</sup> |
|---------------------------------------|--|
| 1 month performance                   | 1.34%  |
| YTD performance                       | 1.76%  |
| Global annualised return <sup>2</sup> | -1.18%   |
| Annualised Volatility                 | 1.89%  |
| Maximum Drawdown                      | -6.73%   |

<sup>1</sup> - Refers to LU2356205372, THEAM Quant – World Climate Navigator 90% Protected – Share I EUR Acc <THN9PIE LX Equity>.

<sup>2</sup> - Global annualised return since 03/09/2021.

Source: Bloomberg. Past performance is not an indicator of future performance.



## MONTHLY COMMENTARY

## MACRO BACKGROUND

- Most developed market central banks appeared to confirm that 2024 would see policy rate cuts begin. While higher-than-expected inflation data raised question-marks over the timing, investors were reassured by central bankers' rhetoric. First to cut was the Swiss National Bank in March. The US Federal Reserve and the European Central Bank seem ready to act in June.
- The outlook on global economic growth improved, especially in the US. In the Eurozone, some tentative green shoots of growth appeared. In China, the authorities set their 2024 GDP growth target at 5% and hinted that they would use their fiscal and monetary policy margins to support the economy.
- Oil prices responded well to the announcements that major producing countries would prolong their voluntary production cuts into the second quarter. OPEC confirmed expectations of a rise in global demand in 2024. Crude prices ended March up by 4.6% and 6.3%, respectively, for a barrel of Brent (at USD 87.5) and WTI (at USD 83.2). Gold set a new record high of more than USD 2 200 an ounce, up by 9.1%.
- In the US, with the forecast for GDP growth in the fourth quarter of 2024 revised up from 1.4% to 2.1% year-on-year (YoY), the Fed seemed to validate the scenario of a soft landing for the economy. Inflation forecasts for beyond 2024 were left unchanged, implying the Fed is not too concerned about the unexpectedly high figures posted in January and February. That said, consumer and producer price indices showed how tough the 'last mile' of the anti-inflation marathon will likely be. The inflation slowdown is continuing, although very laboriously – from 4.2% to 3.8% over the last six months. Labour market normalisation, too, appears to be underway, but still only gradually.

## PERFORMANCE BREAKDOWN

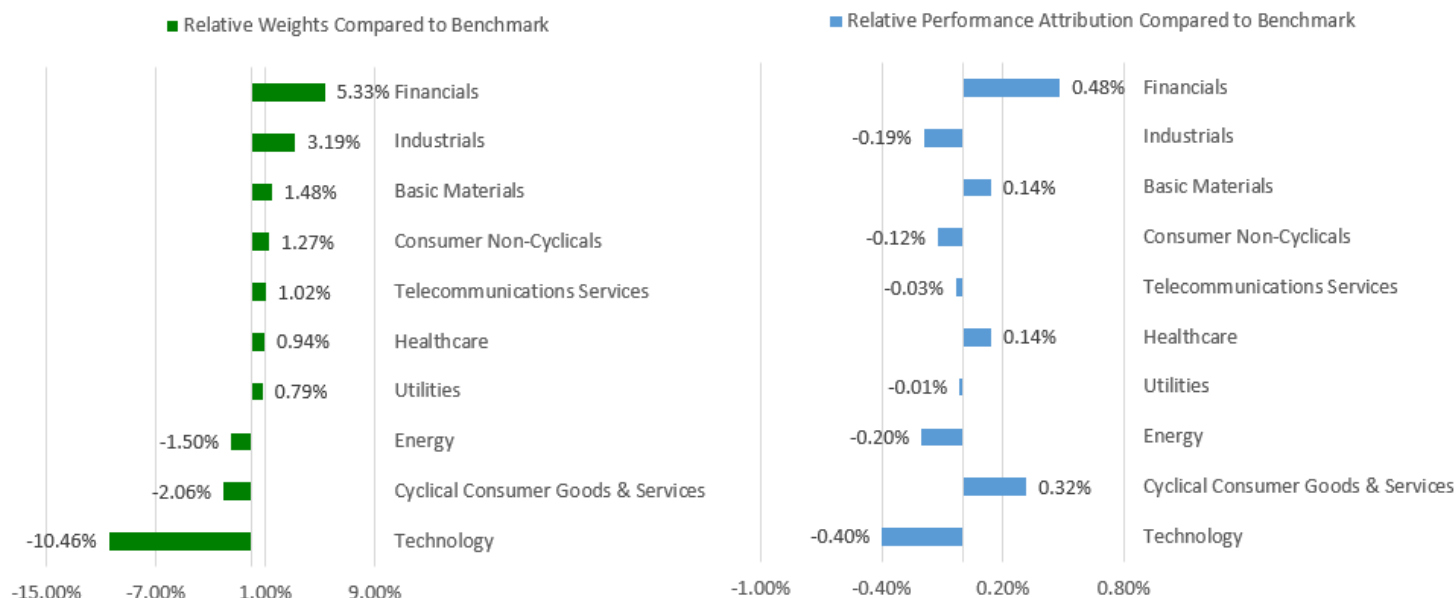
Our fund posted a positive performance in March: +1.34%.

The performance of fund's underlying equity strategy can be explained as follows:

*Note: The fund's exposure to the Equity World Climate Care Strategy is variable, and keeps changing periodically.*

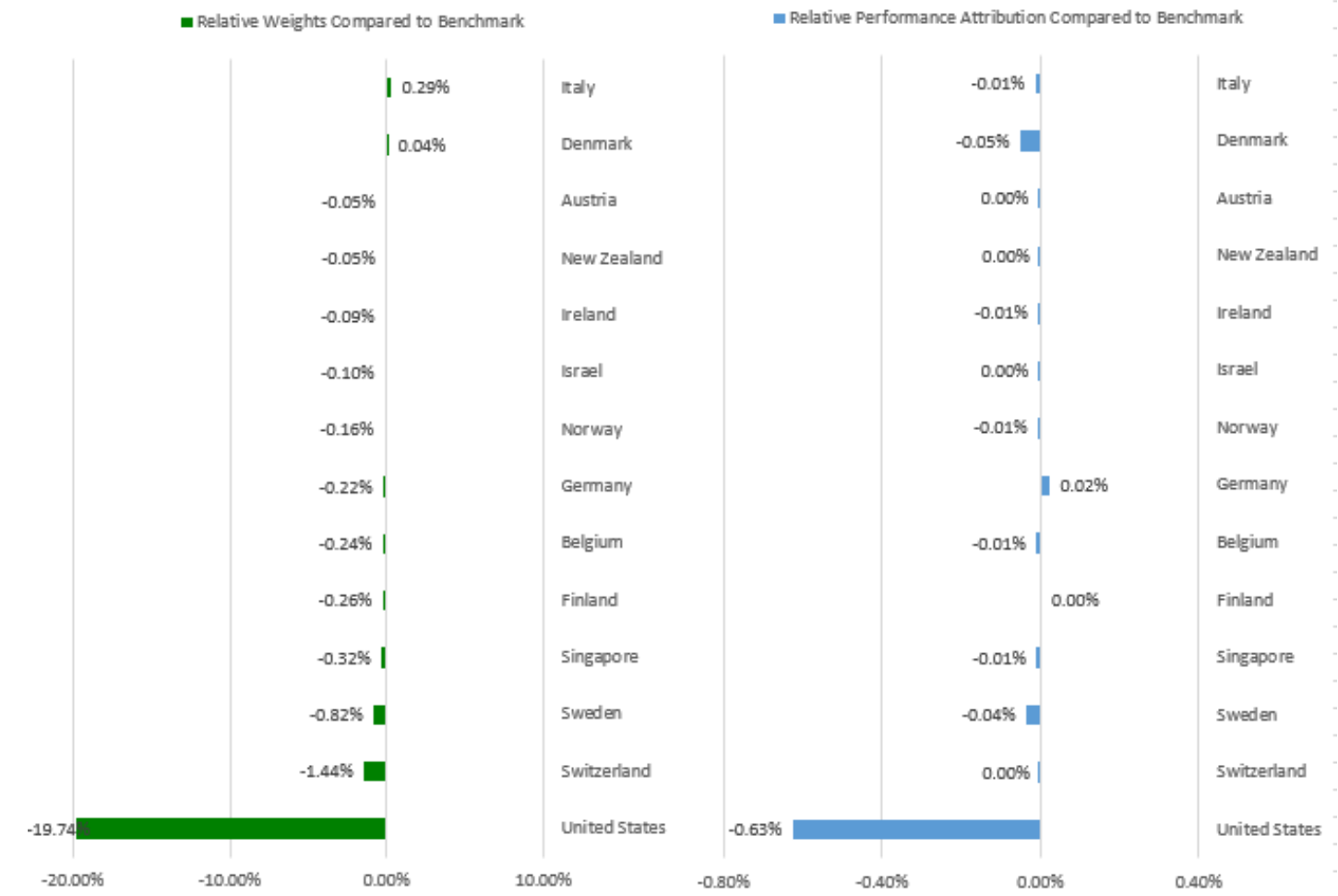
- Our selection within the **Financials** sector outperformed that of the benchmark (+6.3 % versus +5.3 %), which was magnified by our stronger over allocation (+5.3 %).
- Our selection within **Australia** outperformed that of the benchmark (+2.2 %), which was magnified by our stronger overweighting (+5.5 %).
- Within the **Cyclical Consumer Goods & Services** sector, stock picking outperformed by 3.5 % with, for example, the positive performance of OWENS CORNING (+11.7 %, weighted at 1.1 %).
- On the contrary, our selection within the **Technology** sector underperformed that of the benchmark (-0.8 %), a loss limited by our stronger relative under weighting (-10.5 %).
- Lastly, within the **Energy** and the **Industrials** sectors, our equity selection underperformed those of the MSCI World Net Total Return USD Index (+6 % versus +8.5 % and +1.5 % versus +3.9 % respectively).
- The allocation analysis shows a rise of 0.4 % and 0.2 % for the **Financials** and the **Cyclical Consumer Goods & Services** sectors (weighted at 19.7 % and 10.1 % respectively). On the contrary, **Technology** and **Industrials** fell by 1.0 % and 0.3 % (weighted at 20.9 % and 13.1 % respectively).

## SECTOR RELATIVE WEIGHTS AND PERFORMANCE ATTRIBUTION



Source: BNP Paribas, As of 28/03/2024. Past performance is not an indicator of future performance

COUNTRY RELATIVE WEIGHTS AND PERFORMANCE ATTRIBUTION



Source: BNP Paribas, As of 28/03/2024. Past performance is not an indicator of future performance

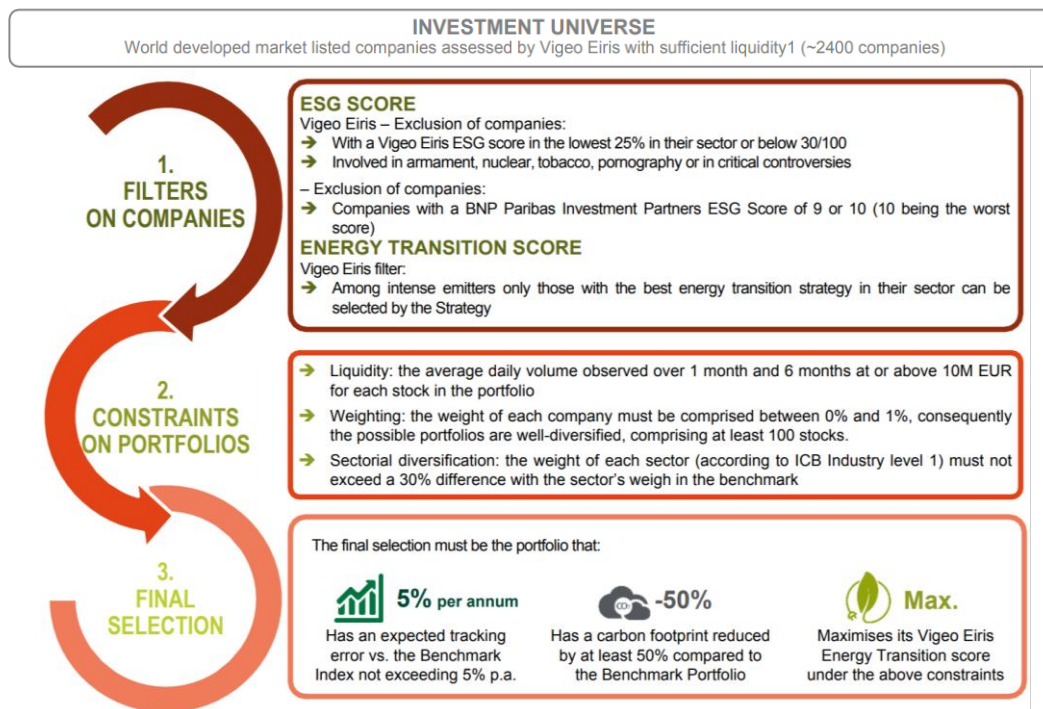
ESG REPORT

For the latest ESG Report on the underlying strategy (*Equity World Climate Care Strategy*) of the THEAM Quant – Equity World Climate Navigator 90% Protected, please click the banner below.

EQUITY WORLD CLIMATE CARE STRATEGY

ESG REPORT

## EQUITY SELECTION STRATEGY

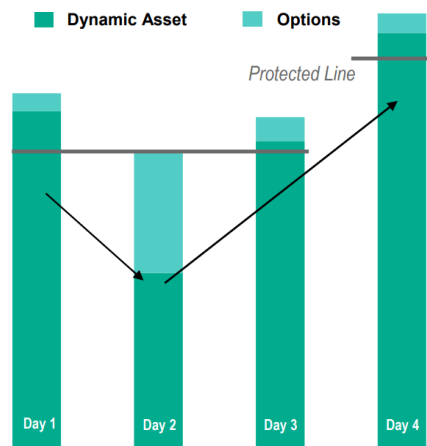


**Figure 1: The Equity World Climate Care Strategy.**

Source: BNP Paribas, for illustration purposes only. For further information, in particular, the risks of the product, please refer to the Prospectus and KIDs of the fund.

## PROTECTION MECHANISM

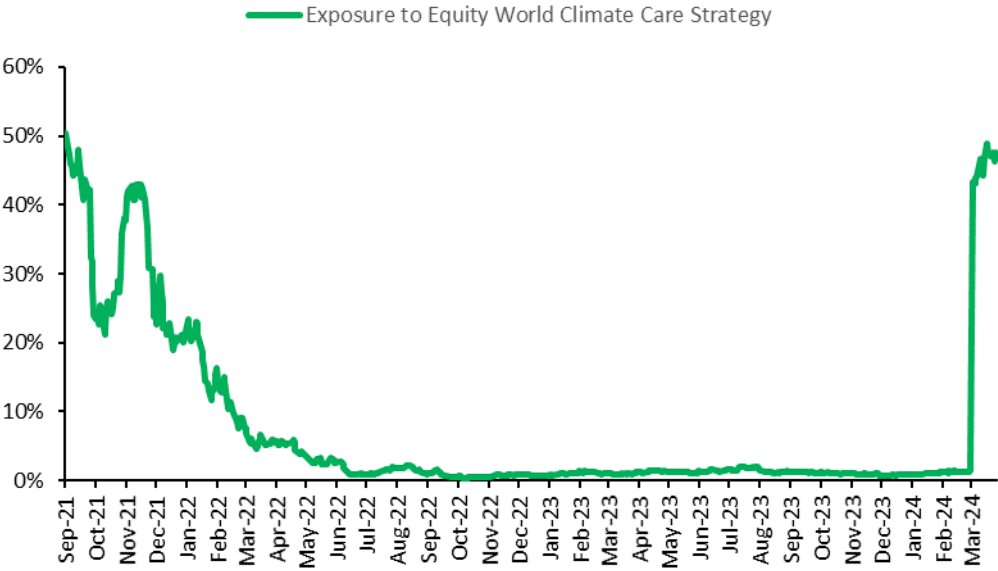
- **Day 1:** Initially, Navigator is made up of the Dynamic Asset and a "Lookback" option (i.e. the strike of the put option is adjusted all along of its lifetime according to the protection mechanism).
- **Day 2:** When the market drops, the Dynamic Asset loses value while the option increases in value to achieve a protection equal to 90% of the maximum net asset value.
- **Day 3:** When the market recovers, the option drops in value and the Navigator Portfolio gains again exposure to the Dynamic Asset.
- **Day 4:** While the dynamic asset increases in value and the Navigator portfolio reaches a new high point, the Navigator portfolio secures a new level of protection, guaranteeing that the investor will not lose more than 10% of this new value.



**Figure 2: The Protection mechanism.**

Source: BNP Paribas; above scenarios for illustration purposes only. For further information regarding guarantee and protection, and in particular, the risks of the product, please refer to the Prospectus and KIDs of the fund.

WEIGHT IN EQUITY STRATEGY



Source: BNP Paribas, As of 28/03/2024

CONTACTS

EQUITIES STRATEGIES, GLOBAL MARKETS | Stanislas Mesland | [stanislas.mesland@bnpparibas.com](mailto:stanislas.mesland@bnpparibas.com)  
BNP PARIBAS ASSET MANAGEMENT | CIB Strategies Sales Support | [am.maqs.cibsalessupport@bnpparibas.com](mailto:am.maqs.cibsalessupport@bnpparibas.com)  
[dl.theam\\_gm\\_coordination@uk.bnpparibas.com](mailto:dl.theam_gm_coordination@uk.bnpparibas.com)

FUND CHARACTERISTICS AND RISKS

|  | THEAM Quant – Equity World Climate Navigator 90% Protected          |
|--|---|
| Management company   | BNP Paribas Asset Management France                                 |
| Type of fund   | Sub-fund of the THEAM Quant Funds (FCP Luxembourg), UCITS Compliant |
| Recommended investment horizon   | 3 years   |
| Capital protected  | No  |
| SRI Risk Classification (scale of 1-7) <sup>3</sup>                    | 2   |
| Share <sup>4</sup>   | Share I (EUR) ACC - Protected                                       |
| Launch date  | 03 September 2021   |
| Bloomberg Code   | THN9PIE LX Equity   |
| ISIN Code  | LU2356205372  |
| Subscription/ Exit fees  | 0.00%   |
| On-going charges   | 0.76%   |
| SFDR (Sustainable Finance Disclosure Regulation) Category <sup>4</sup> | Article 8 – Promotion of Environmental or Social Characteristics    |
| International registration   | Italy, Luxembourg   |

<sup>3</sup> - The Summary Risk Indicator is determined on a scale from 1 to 7 (7 being the highest risk level); the higher the risk, the longer is the recommended investment horizon.

<sup>4</sup> - Following the new Sustainable Finance Disclosure Regulation (SFDR), financial entities such as BNP Paribas Asset Management, which sell products in EU are required to classify the products they manufacture/advise into one of three categories: products with sustainable investment objectives (Article 9); products promoting environmental/social characteristics (Article 8); products which neither correspond to Article 8 nor to Article 9 (Article 6).



## WHAT ARE THE RISKS?

The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.

**Liquidity Risk:** This risk arises from the difficulty of selling an asset at a fair market price and at a desired time due to lack of buyers.

**Counterparty Risk:** linked to the default of a counterparty on over-the-counter markets.

**Risk related to the use of forward financial instruments:** In order to achieve its investment objective, the UCITS makes use of forward financial instruments traded over-the-counter that allow it to replicate the performance of the strategy. These instruments may involve a series of risks that could lead to adjustments or even the early termination of the instrument, which may affect the net asset value of the UCITS.

*For the full list of risks, please refer to the prospectus.*

## DISCLAIMER

"THEAM Quant" is the generic name given to a broad range of systematic strategies designed by BNP Paribas Global Markets and mostly implemented in Funds managed by BNP Paribas Asset Management

Legal Notice: This document is CONFIDENTIAL AND FOR DISCUSSION PURPOSES ONLY; it constitutes a marketing communication and has been prepared by a Sales and Marketing function within BNP Paribas and/or its subsidiaries or affiliates (collectively "we" or "BNP Paribas"). As a confidential document it is submitted to selected recipients only and it may not be made available (in whole or in part) to any other person without BNP Paribas' written consent.

This document is not a recommendation to engage in any action, does not constitute or form any part of any offer to sell or issue and is not a solicitation of any offer to purchase any financial instrument, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. To the extent that any transaction is subsequently entered into between the recipient and BNP Paribas, such transaction will be entered into upon such terms as may be agreed by the parties in the relevant documentation.

The information contained in this document has been obtained from sources believed to be reliable, but there is no guarantee of the accuracy, completeness or suitability for any particular purpose of such information or that such information has been independently verified by BNP Paribas or by any person. None of BNP Paribas, its members, directors, officers, agents or employees accepts any responsibility or liability whatsoever or makes any representation or warranty, express or implied, as to the accuracy or completeness of the information, or any opinions based thereon, contained in this document and it should not be used in place of professional advice. Additional information may be provided on request, at our discretion. Any scenarios, assumptions, historical or simulated performances, indicative prices or examples of potential transactions or returns are included for illustrative purposes only. Past performance is not indicative of future results. Investors may get back less than they invested. BNP Paribas gives no assurance that any favourable scenarios described are likely to happen, that it is possible to trade on the terms described herein or that any potential returns illustrated can be achieved. This document is current as at the date of its production and BNP Paribas is under no obligation to update or keep current the information herein. In providing this document, BNP Paribas offers no investment, financial, legal, tax or any other type of advice to, and has no fiduciary duty towards, recipients. Certain strategies and/or potential transactions discussed in this document may involve the use of derivatives which may be complex in nature and may give rise to substantial risks, including the risk of total or partial loss of any investment or losses without limitation and which should only be undertaken by those with the requisite knowledge and experience. BNP Paribas makes no representation and gives no warranty as to the results to be obtained from any investment, strategy or transaction, or as to whether any strategy, security or transaction described herein may be suitable for recipients' financial needs, circumstances or requirements. Recipients must make their own assessment of strategies, securities and/or potential transactions detailed herein, using such professional advisors as they deem appropriate. BNP Paribas accepts no liability for any direct or consequential losses arising from any action taken in connection with or reliance on the information contained in this document even where advised of the possibility of such losses.

As an investment bank with a wide range of activities BNP Paribas may face conflicts of interest and you should be aware that BNP Paribas and/or any of its affiliates may be long or short, for their own account or as agent, in investments, transactions or strategies referred to in this document or related products before the material is published to clients and that it may engage in transactions in a manner inconsistent with the views expressed in this document, either for their own account or for the account of their clients. Additionally, BNP Paribas may have acted as an investment banker or may have provided significant advice or investment services to companies or in relation to investments mentioned in this document. The information in this document is not intended for distribution to, or use by, any person or entity in any jurisdiction where (a) the distribution or use of such information would be contrary to law or regulations, or (b) BNP Paribas or a BNP Paribas affiliate would become subject to new or additional legal or regulatory requirements. Persons in possession of this document should inform themselves about possible legal restrictions and observe them accordingly. This document is intended for, and is directed at, (a) Professional Clients and Eligible Counterparties as defined by the European Union Markets in Financial Instruments Directive ("MiFID"), and (b) where relevant, persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and at other persons to whom it may lawfully be communicated (together "Relevant Persons"). Any investment or investment activity to which this document relates is available only to and will be engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or its content.

This document is being communicated by BNP Paribas, a Limited Liability company incorporated in France. Registered Office: 16 boulevard des Italiens, 75009 Paris, France. 662 042 449 RCS Paris. BNP Paribas is lead supervised by the European Central Bank (ECB) and the French Autorité de Contrôle Prudentiel et de Résolution (ACPR).. © BNP Paribas. All rights reserved.

For funds authorized for marketing in Switzerland or from Switzerland, prospectuses, key investor information documents, articles of association, annual or semi-annual reports can be obtained free of charge from the representative agent in Switzerland, BNP Paribas (Suisse) SA, 2, place de Hollande, CH-1204 Genève; Payment Agency services are provided by BNP Paribas Securities Services, Paris, Zurich branch, 16, Selnaustrasse, 8002 Zurich, Switzerland.

All information referred to in the present document is available at [www.bnpparibas-am.com](http://www.bnpparibas-am.com).