



## RAW MATERIALS INCOME

November 2024 NEWSLETTER

theam QUANT FUNDS

MARKETING COMMUNICATION | FOR PROFESSIONAL CLIENTS ONLY

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## INVESTMENT OBJECTIVE

The objective of the THEAM Quant Raw Materials Income is to increase the value of its assets over the medium term. To achieve this, the THEAM Quant Raw Materials Income implements a quantitative, non-directional investment strategy based on the commodity markets, excluding the agricultural and livestock commodities sector.

## STRATEGY

In order to achieve its investment objective, the sub-fund's strategy takes long and short exposure to a diversified basket of commodity futures indices (excluding the Agriculture and Livestock sectors) and aims to replicate the performance of the BNP Paribas DR Alpha Ex-Agriculture and Livestock Index.

The model used to build the strategy aims to replicate a term structure strategy. The objective of term structure strategies is to maximize the information embedded in the term structure, which represents the current forward curve of a given asset. Exposure to this term structure will be performed through commodity futures index by taking a **spread position combining a long leg on the contract with an optimized maturity and a short leg on the contract with the shortest maturity.**

The strategy gives access to specific key features:

- **Commodity Curve Alpha** source that was implemented in BNP's in-house commodity strategy, BNP Paribas ® Oscillator Commodity Strategy (live since December 2007);
- Commodity Curve Alpha is created through an **optimal investment on the forward curve** using the S&P GSCI ® Dynamic Roll mono-indices;
- **Diversified allocation** among 10 Commodities within an ex-agriculture and livestock broad commodity universe.

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

## PERFORMANCE

As of 29/11/2024	THEAM Quant – Raw Materials Income Fund <sup>1</sup>	Bloomberg Commodity ex-Agriculture and Livestock Capped Total Return Index <sup>2</sup>
1 month performance	-0.37%	0.03%
YTD performance	4.16%	7.06%
12 months performance	3.63%	5.01%
3 year annualised return	3.99%	3.15%
Overall performance <sup>3</sup>	40.13%	36.61%

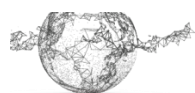
1 – Refers to LU1893659935, <THRMIIIC LX Equity> in USD.

2 – Refers to BBUXALCT Index – Comparative Index for illustrative purposes only, it does not represent any benchmark for the fund.

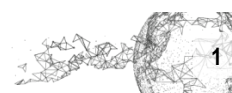
3 – Overall performance since 18/08/2015 (Restructuring date of the strategy).

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

Follow the icon to go to the fund page on the THEAM Quant website

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## MONTHLY COMMENTARY

## MACRO BACKGROUND

The THEAM Quant – Raw Materials Income, was down -0.37% in November, while the BCOM ex-Agriculture & Livestock Capped TR Index was up +0.03%.

## MACRO &amp; COMMODITIES ANALYSIS

- The underlying BNPIDRXA investment strategy lost -0.69% in November. The Bloomberg Commodity ex-Agriculture and Livestock Capped Index lost -0.32%.
- Oil was relatively range bound throughout November. A short sell off was seen towards the beginning of the month as markets weighed the impact of a Trump presidency with a stronger USD also providing headwinds. Rising tensions between Russia and Ukraine resulted in some price support during the middle of the month however news of a ceasefire between Israel and Hezbollah saw a reduction of geopolitical premium towards the end of the month. Industrial Metals faced headwinds throughout November from the prospect of tariff hikes under a Trump presidency and weaker than expected Chinese stimulus, as well as a stronger USD. Precious Metals saw the end of their impressive rally in November as market participants began profit taking, largely due to indications of a slowdown in US rate cuts due to a stronger USD and robust economic data. Finally, Cool weather for the US throughout most of November, coupled with a supply drop and geopolitical tensions, fuelled Natural Gas' rally. Supply was down and demand was up in a perfect storm for prices. Carry over support from the rally in European Natural Gas prices after escalation in the Ukraine Russian war also provided support. As gas prices increased, the contango exhibited by the natural gas forward curve flattened, which was detrimental to the index performance.

## BEST CONTRIBUTOR: COMEX COPPER

## POSITIVE CONTRIBUTION ON CONTANGO STEEPENING

COMEX Copper prices lost -5.73% in November (BCOM basis).

The Dec-25 contract held by the long leg outperformed the Dec-24 and Mar-25 contracts held by the short leg. This was beneficial to the index performance.

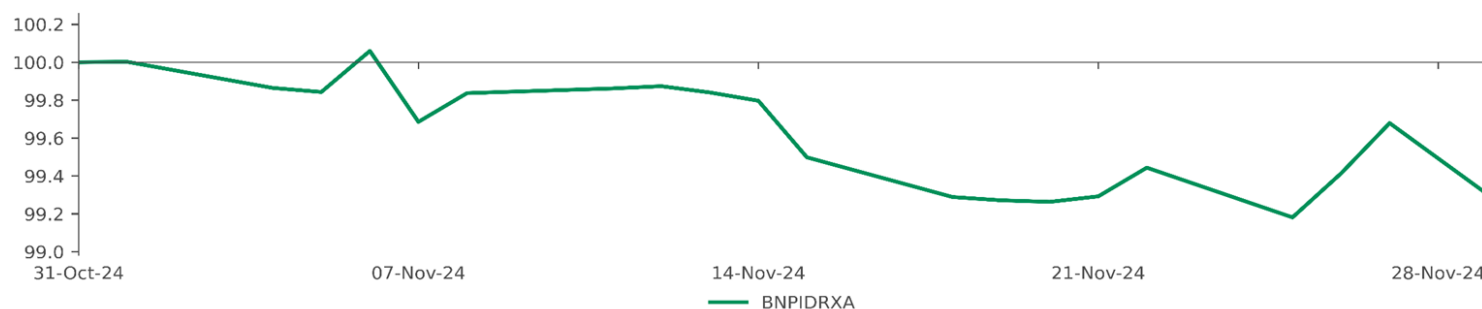
## WORST CONTRIBUTOR: NYMEX NATURAL GAS

## NEGATIVE CONTRIBUTION ON CONTANGO FLATTENING

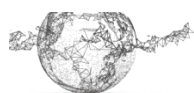
NYMEX Natural Gas prices gained 13.31% in November (BCOM basis).

The Mar-25 contract held by the long leg underperformed the Jan-25 contract held by the short leg. This was detrimental to the index performance.

## MONTHLY PERFORMANCE



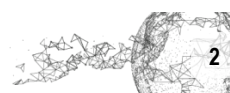
Source: Bloomberg, BNP Paribas. Data as of 29/11/2024.



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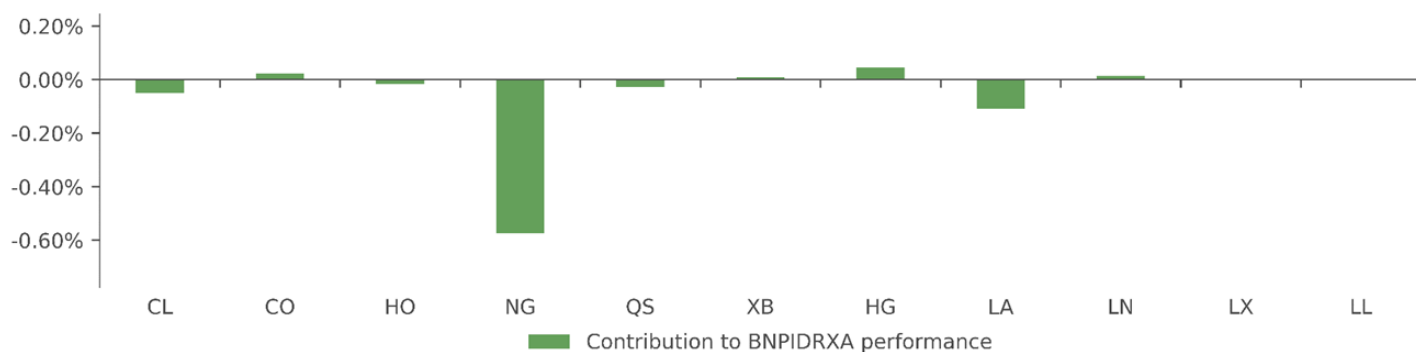
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## MONTHLY COMMENTARY

## PERFORMANCE CONTRIBUTION

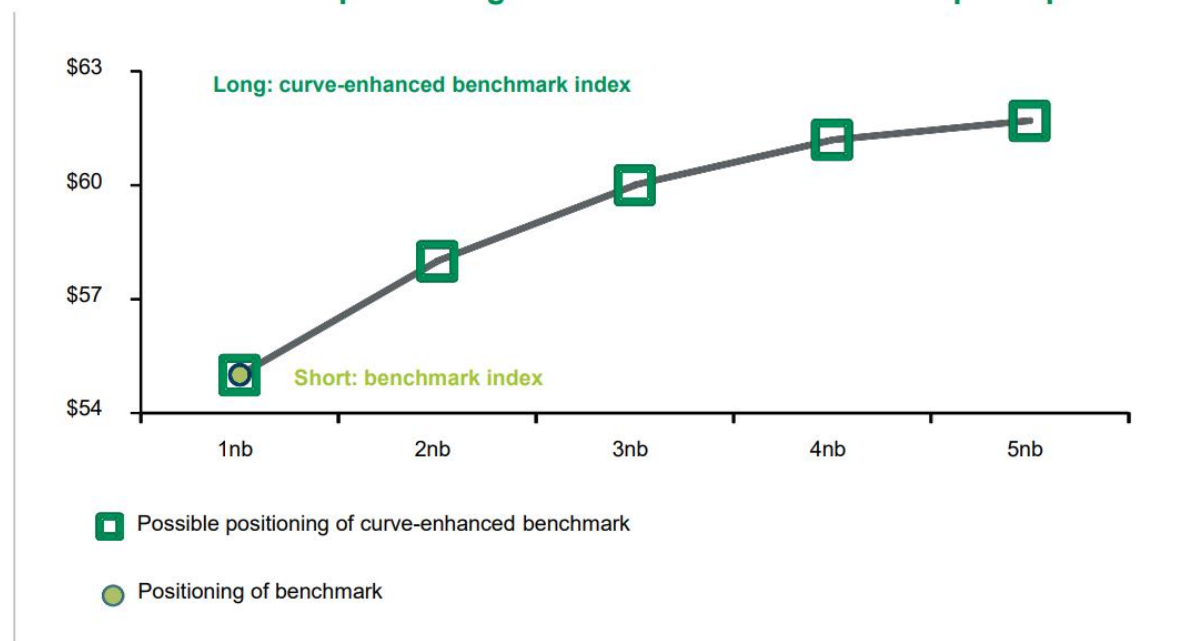


Source: Bloomberg, BNP Paribas. Data as of 29/11/2024.

CL: Nymex WTI, CO: ICE Brent, HO: Nymex ULSD (NY Harbour), XB: Nymex RBOB Gasoline, NG: Nymex Natural Gas (Henry Hub), LA: LME Aluminium, LX: LME Zinc, LN: LME Nickel, HG: COMEX Copper, QS: ICE Low Sulphur Gas Oil

## INVESTMENT PROCESS IN A NUTSHELL

## BNP Paribas® DR Alpha Ex-Agriculture &amp; Livestock Index principles



Source: BNP Paribas. "1nb" stands for 1st nearby futures contract.  
For illustrative purpose only.

- Curve Alpha aims at exploiting the outperformance of a positioning on maturities further along forward curves vs. a positioning on front-month contracts.
- Thus, the long leg of BNP Paribas® DR Alpha Ex-Agriculture and Livestock Index is a curve-enhanced benchmark index whose positioning for each commodity is determined by the S&P GSCI® Dynamic Roll methodology.
- BNP Paribas® DR Alpha Ex-Agriculture and Livestock Index is the Alpha generated by this long leg vs. a short position in the regular benchmark index.

## CONTACTS

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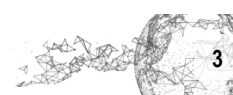
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## FUND CHARACTERISTICS AND RISKS

	THEAM Quant – Raw Materials Income	
Management company	BNP Paribas Asset Management Luxembourg	
Type of fund	Sub-fund of the Luxembourg THEAM Quant SICAV, UCITS compliant	
Recommended investment horizon	4 years	
Capital protected	No	
SFDR Article	6	
SRI Risk Classification (scale of 1-7) <sup>4</sup>	3	
Share <sup>5</sup>	I (USD) ACC	I (EUR) ACC
Launch date	13 May 2019	13 May 2019
Bloomberg Code	THRMILC LX Equity	THRMIEH LX Equity
ISIN Code	LU1893659935	LU1893660511
Subscription/ Exit fees	None	None
On-going charges	0.50%	0.50%
International registration	Austria, France, UK, Germany, Italy	France, UK, Germany, Italy

4 - 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 the recommended investment horizon.

5 - For all shares available, please refer to the prospectus [here](#).

## WHAT ARE THE RISKS?

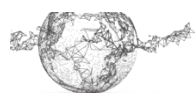
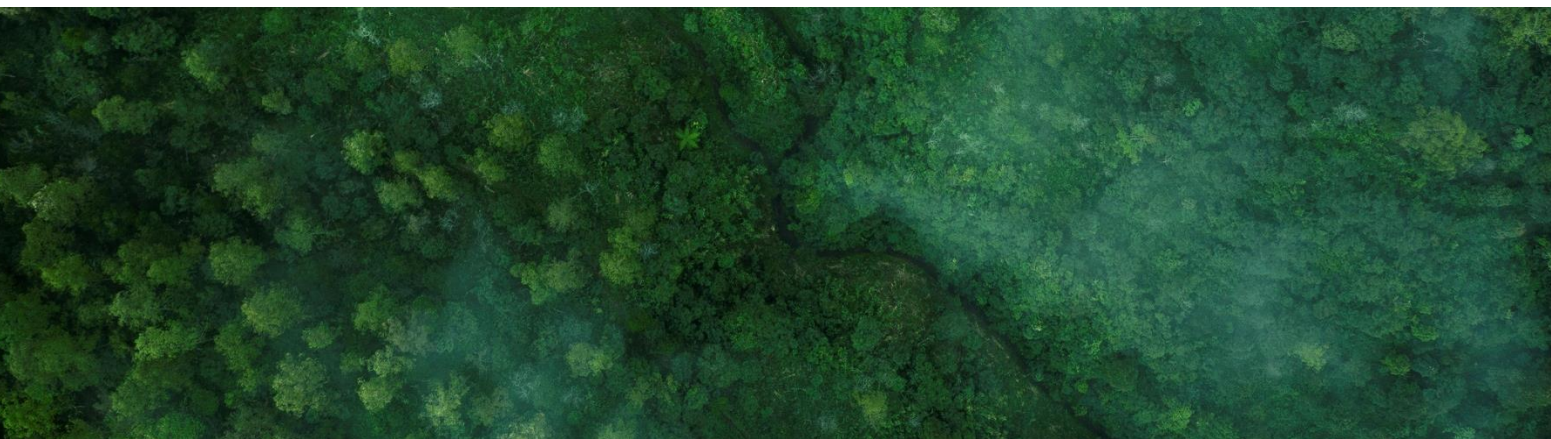
The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.

**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.

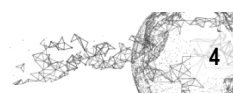
For the full list of risks, please refer to the prospectus.



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