

**FIXED INCOME
DIVERSIFIER®**

September 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 objective of the THEAM Quant Fixed Income Diversifier is to increase the value of its assets over the medium term, by being exposed to a global dynamic long/short portfolio of short-term money market rates and long term government bonds. The portfolio is built using a systematic selection of diversified sources of return in the interest rates markets while aiming at keeping the fund annual volatility at a target level of 4.5%* and reaching market neutrality of the government bonds exposure over the medium term.

STRATEGY

The THEAM Quant – Fixed Income Diversifier (FIND) implements a systematic strategy aiming to monetize different sources of premia observed in the interest rate curve by being exposed to a global dynamic long/short portfolio of short-term money market rates and long term government bonds futures.

The strategy gives access to different sources of returns in the interest rate curve with risk control mechanisms, in a fully systematic fashion:

- Trends in short-term interest rates
- Interest rate differences across countries observed with a diversified set of factors: Carry, Momentum, and Relative Value aiming at neutralizing the long-term duration exposure
- Leverages on the most recent research on factor investing in fixed-income
- Seeking to take advantage of trends in STIR while aiming at achieving a volatility control target $\leq 4.5\%^*$
- FX-hedge of any non EUR denominated underlying.

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

PERFORMANCE

As of 30/09/2024

THEAM Quant - Fixed Income Diversifier Index ¹

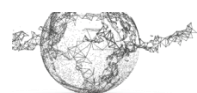
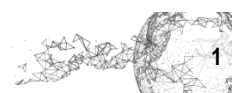
1 month performance	-0.39%
YTD Performance	-3.83%
Overall performance ²	-1.18%
Annualised Volatility	4.77%
Maximum Drawdown	-12.74%

¹ – Refers to LU2051084916, THEAM Quant – Fixed Income Diversifier – I EUR ACC < TFIDIEA LX Equity >

² – Overall performance since 16/12/2019.

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

Learn more
ABOUT**GLOBAL MARKETS**<https://aboutglobalmarkets.bnpparibas.com/>

MONTHLY COMMENTARY

MACRO BACKGROUND

- September saw the confirmation of a slowdown in inflation and the affirmation of the monetary policy easing cycle in most developed economies. The key driver for financial markets was the US Federal Reserve's (Fed's) decision to go for a 50bp step for its first rate cut on 18 September to help ensure a soft landing for the US economy.
- The OECD's interim report on the global economic outlook noted that 'inflation is now at or approaching central bank targets' in an increasing proportion of countries (around 80% of OECD economies), while stressing that 'services price inflation is still proving particularly sticky and has abated only slowly'.
- Growth in China continued to disappoint in the third quarter, leading the authorities to speed up their support measures, particularly to the property sector. Doubts about global demand and worsening geopolitical tensions led to erratic changes in oil prices, which ended the month down. At the end of the month, rumours of an upcoming rise in Saudi Arabia's production weighed further on prices. Gold prices soared to new records, reaching above USD 2 600 an ounce.
- The first week of the month saw a sharp fall in US Treasury yields, with the short end of the curve outperforming. Since July 2022, the yield curve between the 2-year and the 10-year yields had been inverted. This situation ended on 11 September. The yield trend became slightly more erratic until mid-month, when the 10-year T-note yield (3.90% at the end of August) stood at 3.62% and the 2-year yield (3.92% at the end of August) at 3.55%, its lowest level in just over two years. These movements reflected mixed employment data and reassuring news on inflation. These factors and comments by several officials fuelled expectations of a cut in key rates by the Fed following the monetary policy meeting on 18 September. Some hesitation nevertheless prevailed on the size of the cut, which in the end was 50bp. After the decision was announced, expectations for the pace of the rest of the easing cycle continued to roil markets, reflecting even more rate cuts than the FOMC is considering by the end of the year. The fall in bond yields came to a halt in the second half of the month as economic indicators remained strong. The rise in equity markets is likely to have a role in the rise in bond yields at the end of the month. The 10-year T-note yield ended at 3.78% (-12bp compared to the end of August) and the 2-year yield at 3.64% (-28bp). The US Treasury market gained 1.2% in September, posting a fifth consecutive monthly rise.

PERFORMANCE BREAKDOWN

THEAM Quant – Fixed Income Diversifier posted a negative performance in September: -0.39%.

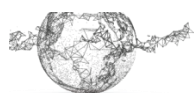
In terms of the breakdown between long-term and short-term components:

Multi-factor Portfolio:

- The long-term government bond multi-factor sub-strategy had a negative contribution in September (-1.29%). The strategy was short on the US and Germany, and long on the UK, Japan and Canada. This month, the momentum (-0.48%) and carry (-0.86%) strategies contributed negatively while the value strategy (+0.05%) contributed positively. In term of regions, best contributor is Canada (+0.81%) and worst contributors are the US (-0.95%) and Germany (-0.77%).

Short-term rates Portfolio:

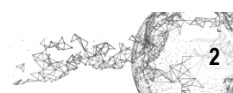
- The short-term interest rates trend-following sub-strategy posted a positive contribution in September (+0.59%). The strategy stayed long USD money market futures and switched to being long EUR money market futures. The strategy benefited from its positions on both USD and EUR, as central banks began their cutting cycles. The US leg (+0.26%) and the EU leg (+0.32%) contributed positively to the monthly performance.



Learn more
ABOUT

GLOBAL MARKETS

<https://aboutglobalmarkets.bnpparibas.com/>



MONTHLY COMMENTARY

POSITIONING

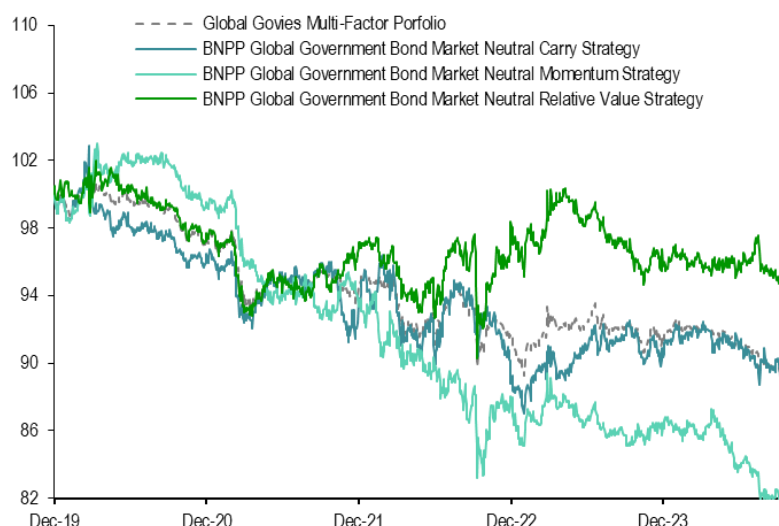
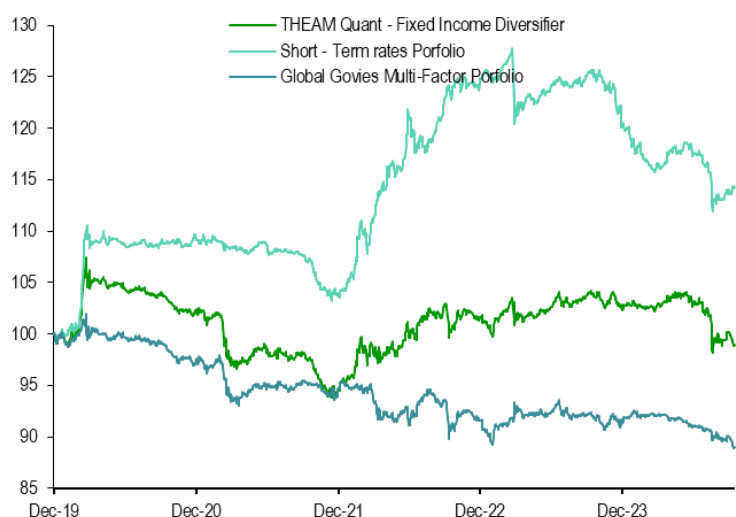
In terms of current positioning and perspectives:

The strategy (as of 30 September 2024) remained long on USD (+140%) and switched its short position on EUR to long (+140%) money market futures. On 10y bond futures, the strategy is short on Germany (-66%) and the US (-105%) and long the UK (+86%), Canada (+31%), and Japan (+13%).

THEAM Quant - FIND



PERFORMANCE ANALYSIS



Performance Contribution	1 month	3 Months	6 Months	YTD
Fixed Income Diversifier ¹	-0.39%	-3.77%	-3.86%	-3.83%
Global Govies Multi-Factor ³	-1.29%	-3.01%	-4.79%	-4.73%
Short-Term Rates Trend ²	0.59%	-1.79%	-1.05%	-1.99%

Performance Contribution	1 month	3 Months	6 Months	YTD
Global Govies Multi-Factor ³	-1.29%	-3.01%	-4.79%	-4.73%
Global Govies Relative Value ⁴	0.05%	-0.22%	-0.12%	-0.36%
Global Govies Momentum ⁵	-0.48%	-1.42%	-2.20%	-2.22%
Global Govies Carry ⁶	-0.86%	-1.37%	-2.48%	-2.15%

The above-mentioned securities are for illustrative purpose only, they are not intended as solicitation of the purchase of such securities, and this does not constitute any investment advice or recommendation. Performance expressed net of fees. Past performance is not indicative of future results.

Source: Bloomberg, BNP Paribas. All data and performance as of 30/09/2024, unless otherwise stated.

For more details and before subscribing, please refer to the prospectus. For more information, please visit: www.bnpparibas-am.com.

1 - Refers to LU2051084916, THEAM Quant – Fixed Income Diversifier – I EUR ACC < TFIDIEA LX Equity >

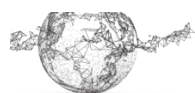
2 - Refers to BNP Paribas Kinetis Money Markets Atlantic Excess Return USD Index (Bloomberg code: BPMMMTWU Index).

3 - The weighted sum of factors: Value, Momentum, Carry.

4 - Refers to Global Government Bond Futures Market Neutral Value USD Index (Bloomberg code: BNPIGNVU Index).

5 - Refers to Global Government Bond Futures Market Neutral Momentum USD Index (Bloomberg code: BNPIGNMU Index).

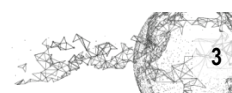
6 - Refers to Global Government Bond Futures Market Neutral Carry USD Index (Bloomberg code: BNPIGNCU Index).



Learn more
ABOUT

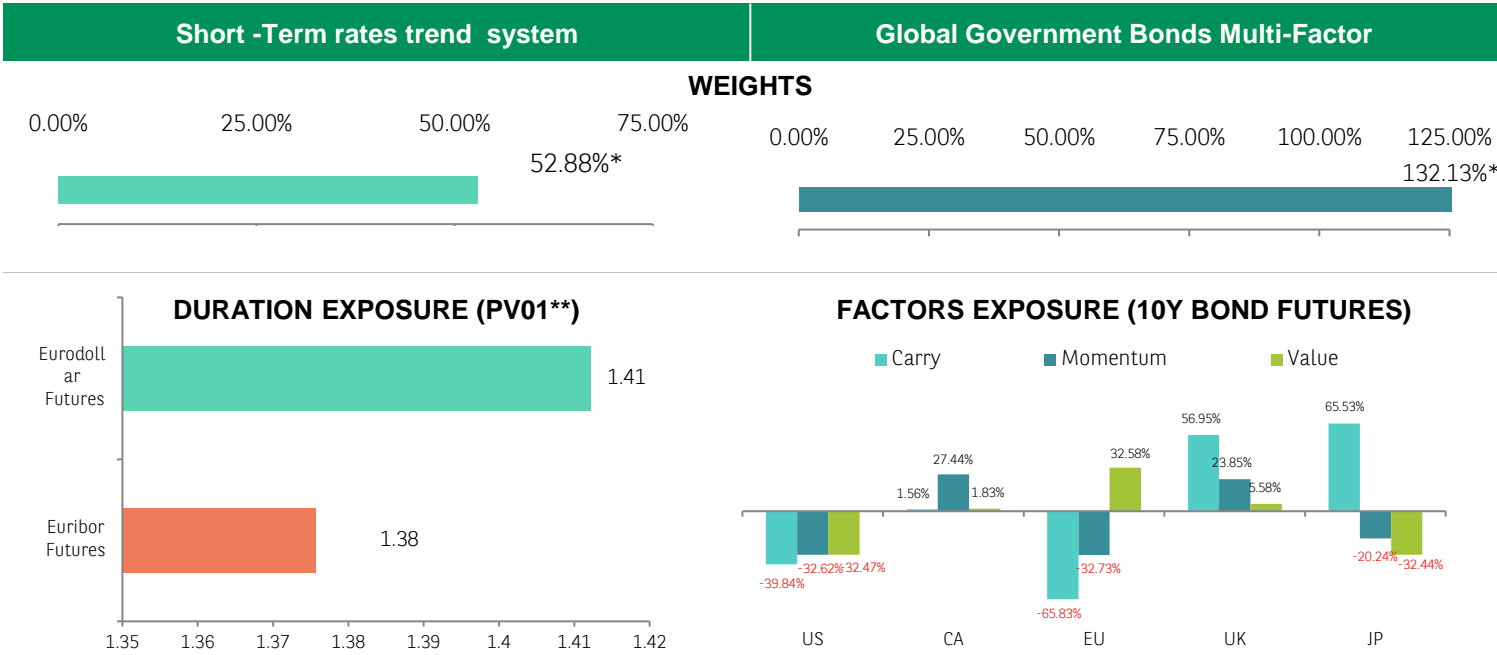
GLOBAL MARKETS

<https://aboutglobalmarkets.bnpparibas.com/>

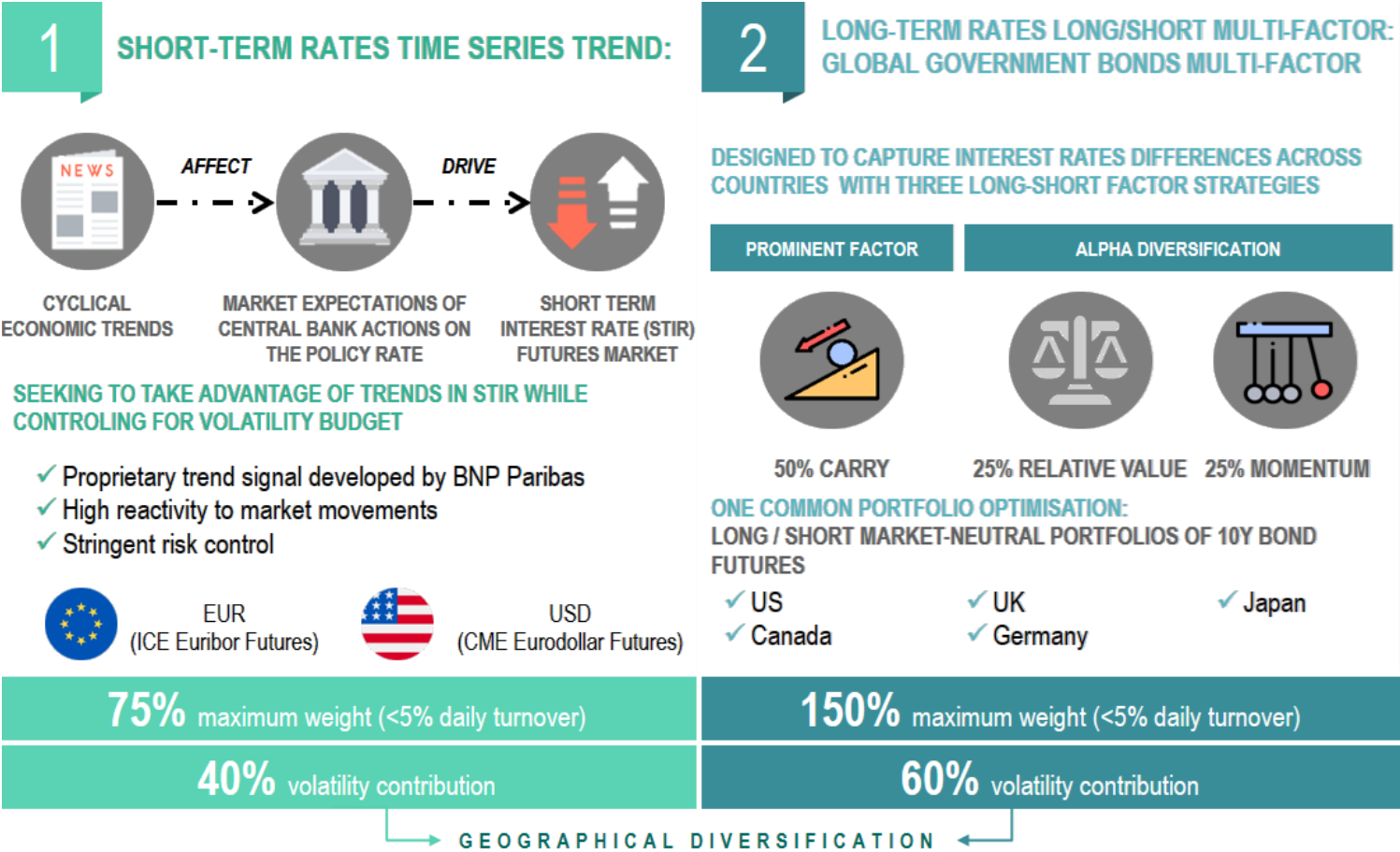


MONTHLY COMMENTARY

CURRENT POSITIONING



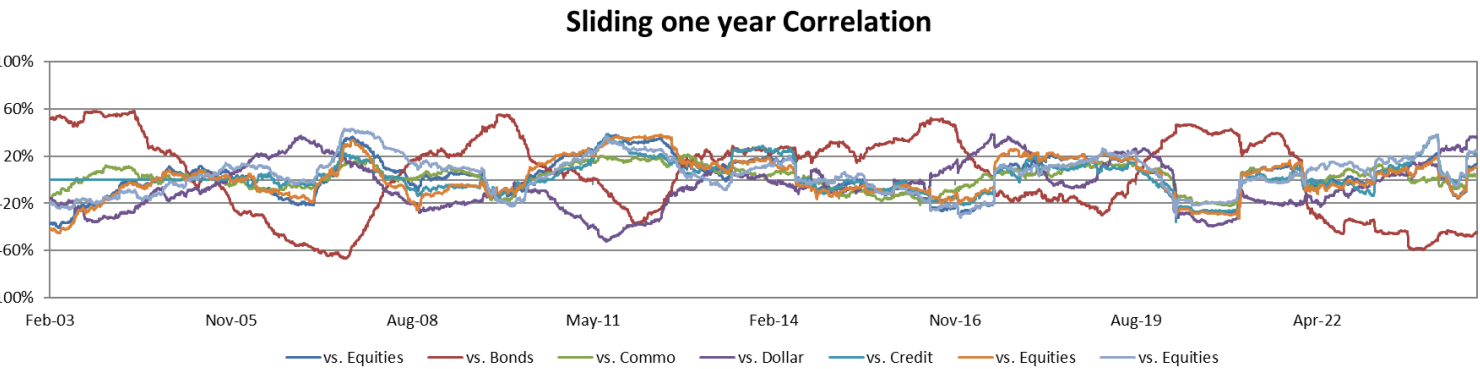
INVESTMENT PROCESS IN A NUTSHELL



Source: Bloomberg, BNP Paribas, as of 30/09/2024. For indicative purpose only.
* Each sub-strategy's exposure to the underlying instruments may be leveraged to reach the volatility target, with look-through exposures to 10-years futures up to 150% (long or short) and to short-term interest rates up to slightly more than x10 (long or short).
*PV01: Exposure's performance sensitivity to 1bp change in money market rates performance.

SLIDING CORRELATION

CURRENT POSITIONING – 1Y SLIDING CORRELATION



* Refers to BNP FIND TR Strategy (Bloomberg code: BNPFIDE Index).
Source: Bloomberg, BNP Paribas, as of 30/09/2024.
This is a simulation of past performance, past performance or achievement is not indicative of current or future performance.
There is no guarantee that the performance objective will be achieved.

CONTACTS

RATES & CREDIT STRATEGIES, GLOBAL MARKETS | Billy Tan | billy.tan@bnpparibas.com
BNP PARIBAS ASSET MANAGEMENT | CIB Strategies Sales Support | am.maqs.cibsalessupport@bnpparibas.com
dl.theam_gm_coordination@uk.bnpparibas.com

FUND CHARACTERISTICS AND RISKS

	THEAM Quant – Fixed Income Diversifier		
Management company	BNP Paribas Asset Management France		
Type of fund	Sub-fund of the SICAV THEAM QUANT, UCITS Compliant		
Recommended investment horizon	3 years		
Capital protected	No		
SRI Risk Classification (scale of 1-7) ⁴	3		
SFDR Article	8		
Share ⁵	Share C (EUR) ACC	Share I (EUR) ACC	Share J (EUR) ACC
Launch date	16 th December 2019	16 th December 2019	16 th December 2019
Bloomberg Code	TFIDCEA LX Equity	TFIDIEA LX Equity	THFIDJE LX Equity
ISIN Code	LU2051084080	LU2051084916	LU2051085723
Subscription/ Exit fees	3.00% max / 0.00% max	0.00% max / 0.00% max	0.00% max / 0.00% max
On-going charges	0.90%	0.30%	0.20%
International registration	Italy, Belgium, Switzerland, France, Germany	Austria, Italy, United Kingdom, Switzerland, France, Germany	Italy, United Kingdom, Switzerland, France, Germany

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. <https://www.bnpparibas-am.lu/intermediary-fund-selector/fundsheets/fixed-income/theam-quant-fixed-income-diversifier-i-c-lu2051084916/?tab=story>

WHAT ARE THE RISKS?

The value of investments and the income from them may go down and/or 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, 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 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.

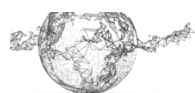
As an investment bank with a wide range of activities BNP Paribas may face conflicts of interest and you should be aware that BNP Paribas and/or any of its affiliates may be long or short, for their own account or as agent, in investments, transactions or strategies referred to in this document or related 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



Learn more
ABOUT

GLOBAL MARKETS

<https://aboutglobalmarkets.bnpparibas.com/>

