



EQUITY US DEFI NEWSLETTER



MARKETING COMMUNICATION | FOR PROFESSIONAL CLIENTS ONLY | SEPTEMBER 2024

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INVESTMENT OBJECTIVE

The objective of the THEAM Quant Equity US DEFI is to increase the value of its assets over the medium term by being exposed to a dynamic basket of equities from the U.S., the components of which are chosen using a systematic selection method based on a fundamental analysis of companies.

STRATEGY

DEFI (Diversified Equity Factor Investing) is a suite of equity, multi-factor indices designed to offer balanced exposure to 4 core equity factors: Value, Quality, Momentum and Low Volatility. We selected these factors because :

- they are the most persistent factors driving equity returns over the long term,
- they are well balanced in terms of being driven by both fundamental metrics such as Valuation or Cash Flows and investor cognitive biases such as trending or high beta stocks,
- they offer an interesting mix of defensive and pro-cyclical features.

The fund aims to capture the positive risk premia exhibited by these 4 factors.

Exposure to each stock in the DEFI portfolio is calibrated such that each of the 4 factors contributes equally to the overall risk of the portfolio (measured in terms of alpha dispersion vs the benchmark), while maintaining a target tracking error.

This construction framework is derived from an article co-authored by members of the BNP Paribas Asset Management Research team and published in the Journal of Asset Management.

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

PERFORMANCE

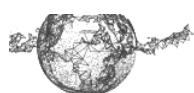
As of September 30th, 2024

Dec 16 - Sep 24	THEAM QUANT- EQUITY US DEFI	S&P 500 Index
Performance 1 month	2.54%	2.10%
Cumulative Performance Year To Date	22.87%	21.70%
Annualised Performance Since Start Date	12.29%	14.13%
Annualised Sharpe Ratio Since Start Date	0.64	0.75
Annualised Volatility Since Start Date	19.11%	18.81%
Max Drawdown Since Start Date	-37.49%	-33.83%

Refers to LU1480598967, THEAM Quant – Equity US DEFI – I USD ACC < TQUDIAU LX Equity>.

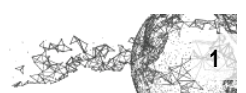
S&P 500 Index refers to the SPTR500N Index. Source: Bloomberg. Past performance is not an indicator of future performance.

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

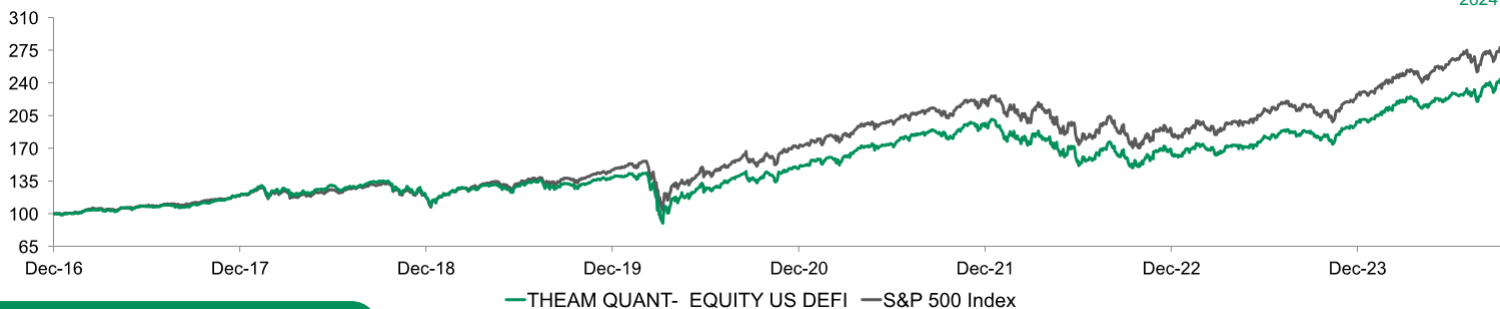


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As of September 30<sup>th</sup>, 2024



**MONTHLY COMMENTARY**

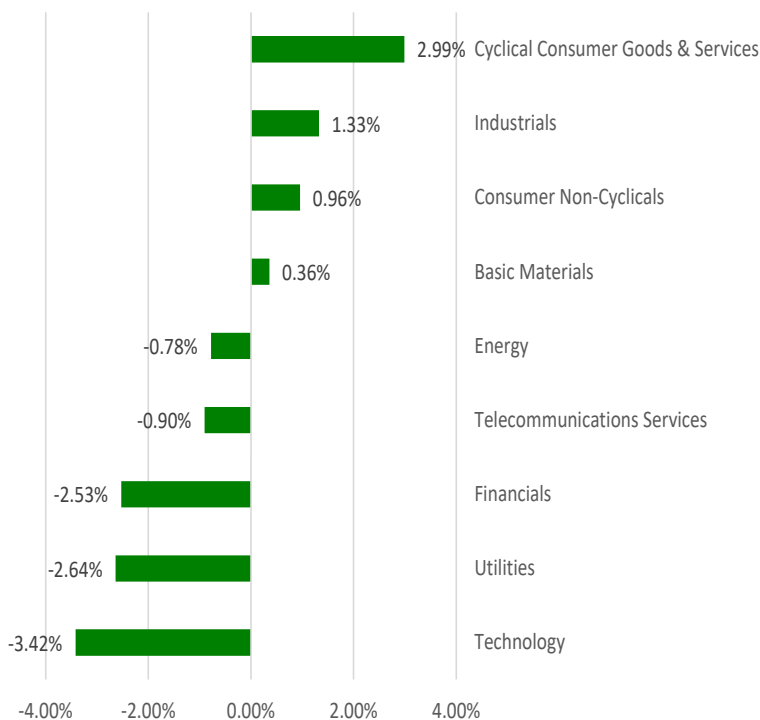
**MACRO BACKGROUND**

For the month of September, the fund posted a positive return of +2.54%, overperforming its benchmark (by +0.44%).

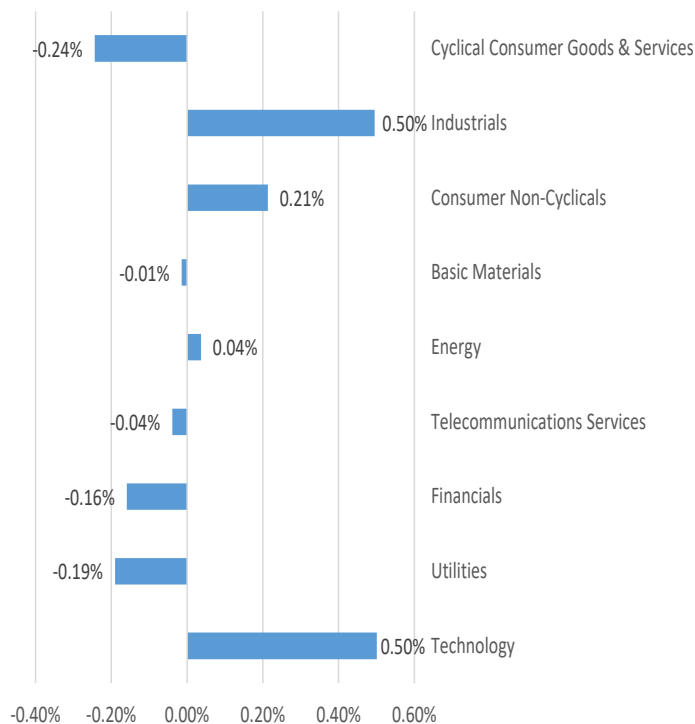
**PERFORMANCE BREAKDOWN**

- Within the **Technology**, the **Industrials** and the **Consumer Non-Cyclicals** sectors, our equity selection outperformed by resp. 1.6 %, 5.2 % and 2.4 % with, for example, the positive performances of APLOVIN (+40.6 %, weighted at 1.7 %) and of VITAL FARMS (+11.5 %, with a weight of 1.6 %).
- On the contrary, within the **Cyclical Consumer Goods & Services** sector, our choice underperformed that of the S&P 500 Index (-2.9 %). Lastly, our strategy was not exposed to the **Utilities** sector (versus 2.6 %), which outperformed than the S&P 500 Index (by +5.1 %).
- The allocation analysis shows a rise of 0.9 % and 0.8 % for the **Technology** and the **Industrials** sectors (weighted at 37.9 % and 9.3 % respectively). On the contrary, **Financials** and **Healthcare** fell by 1.0 % and 0.7 % (weighted at 7.8 % and 16.2 % respectively).

■ Relative Weights Compared to Benchmark

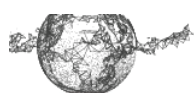


■ Relative Performance Attribution Compared to Benchmark



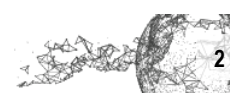
	Low Volatility	Momentum	Quality	Value
<b>Factor Weights</b>	32.88%	26.95%	24.73%	15.45%
<b>Contribution per Factor</b>	0.36%	0.84%	0.96%	0.43%

Source: BNP Paribas. Past performance is not an indicator of future performance.



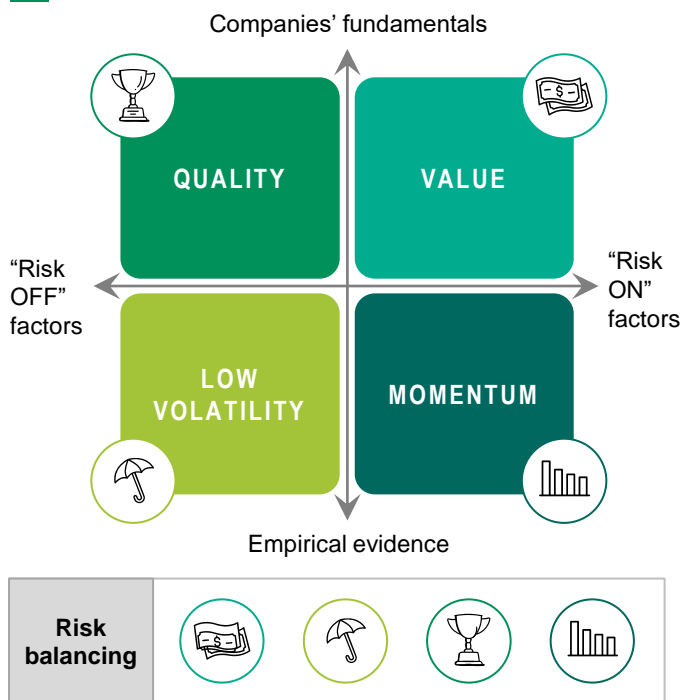
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INVESTMENT PROCESS IN A NUTSHELL: THE ADDED VALUE EXPERTISE OF THE DEFI STRATEGY

EQUITY FACTORS



I. Individual Factor Portfolios Definition

The methodology includes a scoring of the eligible stocks, based on low correlated metrics used as indicators for each equity factor. A higher score means a higher weight in the individual factor portfolio, granted that sector and size biases are neutralized.

II. Risk-Balanced Combination

The individual factor portfolios are combined so that each factor contributes equally to the aggregate portfolio volatility. The equal risk contribution of each factor is achieved by analyzing the most balanced combination of individual stocks in the aggregate multi-factor portfolio.

III. Portfolio construction

The final portfolio is designed to target a market beta of 1 and an ex-ante tracking error of 3.5% with regards to the S&P 500 Index, while meeting liquidity and turnover investment constraints

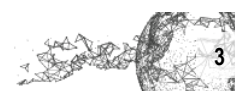
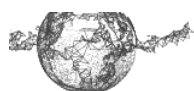
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FUND CHARACTERISTICS AND RISKS

Fund	THEAM QUANT- EQUITY US DEFI		Capital protection	No
Management Company	BNP PARIBAS ASSET MANAGEMENT Europe		Minimum Investment horizon	5
Comparative Index	S&P 500 (NR) USD		Legal form	SICAV
Assets under Management	USD 9.09 million as of 30 September 2024		SRI Ranking (scale from 1 to 7)*	5
SFDR article	6 – Sustainability Risks : This products integrates the analysis of sustainability risks in its investment process pursuant to article 6 of the EU regulation 2019/2088.			
Share	I ACC USD		C ACC USD	
Launch date	15 December 2016		15 December 2017	
ISIN code	LU1480598967		LU1542719536	
Bloomberg code	TQUDIAU LX		TQEQUDC LX	
Ongoing charges	0.63%		1.46%	
Subscription / Exit fees	None / None		3.00% / None	
Minimum subscription	100K \$ equiv		No minimum	
Passporting	Belgium, Switzerland, Germany, France, United Kingdom, Italy, Luxembourg, Norway, Sweden		Switzerland, Germany, Italy, Luxembourg, Norway, Sweden	

\*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. For all shares available, please refer to the prospectus [here](#). Following the 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 or 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

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