



## DYNAMIC VOLATILITY CARRY NEWSLETTER

**theam** QUANT  
FUNDS

MARKETING COMMUNICATION | FOR PROFESSIONAL CLIENTS ONLY | JULY 2025

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### INVESTMENT OBJECTIVE

The THEAM Quant Dynamic Volatility Carry Fund aims to provide the benefits of long, dynamic exposure to volatility fluctuations in North American equity markets, while seeking to finance the cost of this exposure through a systematic option-selling strategy. This strategy also aims, under certain market conditions, to generate additional income and is particularly appropriate in bullish or moderately bearish markets.

### STRATEGY

- The fund is for qualified investors wishing to invest in a volatility-based, agile, defensive strategy that is expected to provide strong pay-offs in extreme market scenarios (i.e. as market drawdowns aggravate) and positive returns in more stable markets. The fund's strategy is implemented systematically, and offers an optimized way of getting long exposure to VIX futures, while keeping a positive carry cost in the long run. The two pillars of the fund's dynamic strategy are:
  - Synthetic optimized long volatility exposure through dynamic allocation to short-term VIX Index futures (Long Volatility Leg)
  - Synthetic short exposure to short-term maturity out-of-the-money put options on the S&P500 Index (Income Leg)
- While the Long Volatility Leg is expected to provide protection and act as in insurance during times of economic downturn (i.e. when volatility spikes), the Income leg should offset carry costs, generate income over time and help mitigate the negative impact of quick market mean-reversion. However, the options strategy may generate losses during sudden and significant downturns.

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

### PERFORMANCE

As of July 31<sup>st</sup>, 2025

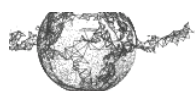
Jul 21 - Jul 25	VOLA 3 Carry 2
Performance 1 month	0.69%
Cumulative Performance Year To Date	2.72%
Annualised Performance Since Start Date	-0.41%
Annualised Sharpe Ratio Since Start Date	-
Annualised Volatility Since Start Date	11.85%
Max Drawdown Since Start Date	-16.99%

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



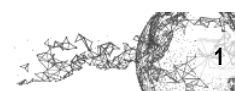
Refers to FR0014003S23, THEAM Quant – Dynamic Volatility Carry – Share I USD ACC <DYVOCAI FP Equity>

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



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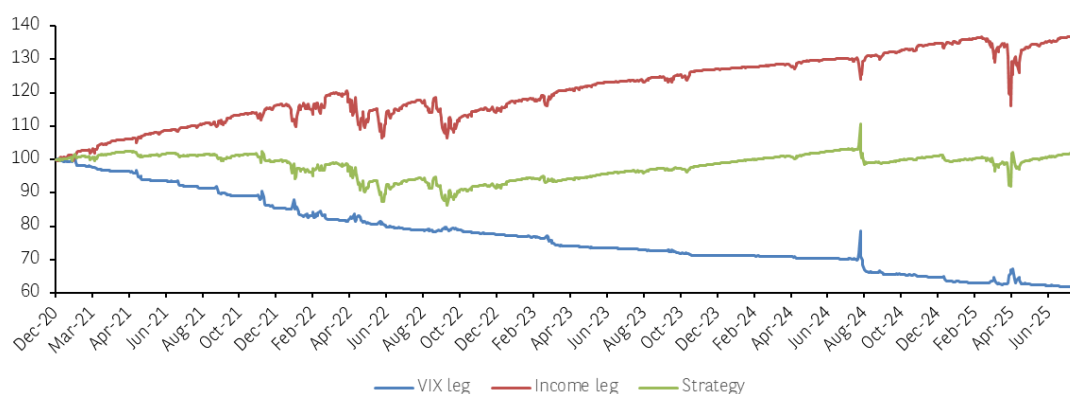


## MONTHLY COMMENTARY

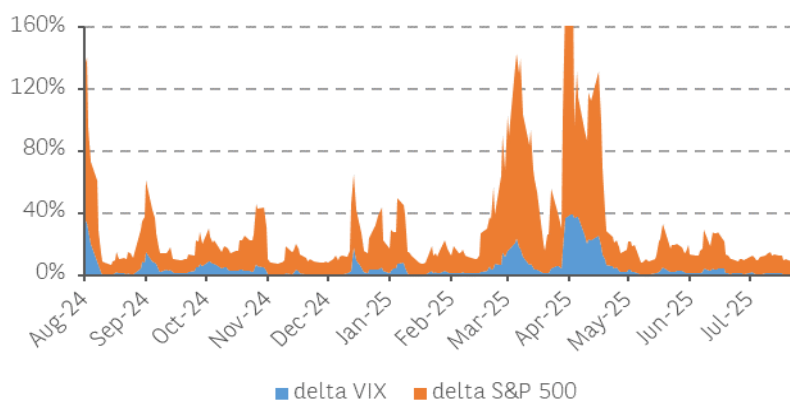
The fund was up by 0.69% in July, while S&P 500 gained 2.17%.

- The put-writing leg displayed a positive performance (+0.51%), driven by the premium collection (+0.74%, i.e. 8.8% on an annualized basis) while the mark-to-market contribution was negative (-0.23%) and no exercises were recorded this month.
- On the other hand, the VIX leg recorded a negative performance (-0.19%).
- At the end of July (based on the last five days of the month), the income leg was generating +7.5% of premium p.a., with only a limited exposure to VIX futures (0.7%) and a delta of 16.2% to S&P 500.

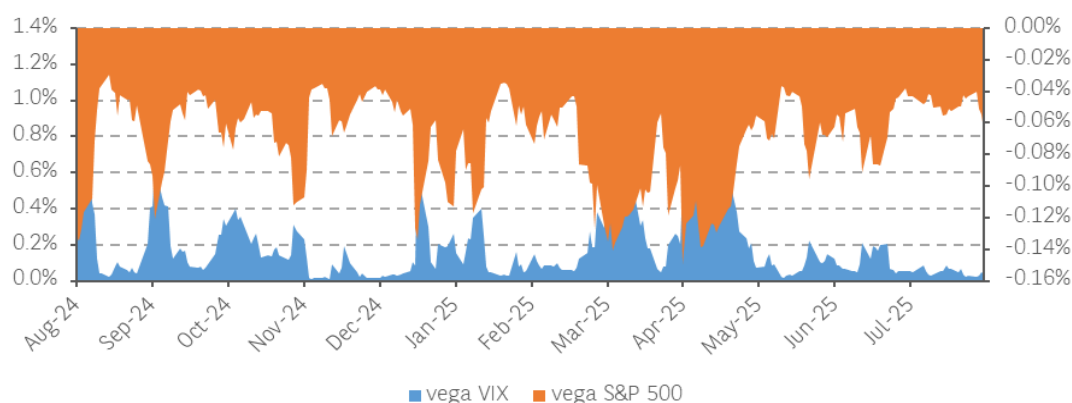
## STRATEGY PERFORMANCE BREAKDOWN



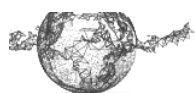
## LAST 1Y DELTA S&amp;P 500 / VIX



## LAST 1Y VEGA S&amp;P 500 / VIX

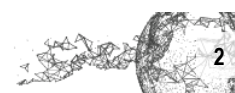


Source: BNP Paribas. Past performance is not an indicator of future performance



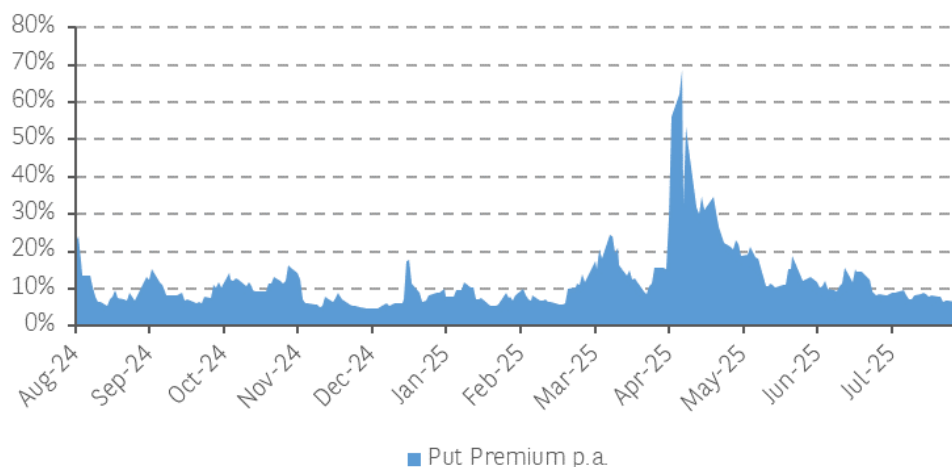
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## MONTHLY COMMENTARY

## PUT PREMIUM P.A.



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

## INVESTMENT PROCESS IN A NUTSHELL

## THEAM QUANT DYNAMIC VOLATILITY CARRY



## VIX Leg

## LONG CALLS ON VIX®

Delta-replication of long calls on 1-month constant maturity VIX futures, using customised parameters:

- **Dynamic exposure to VIX®** serves as protection, providing high reactivity to sustained implied volatility increases, which are inherent in stressed markets
- **Lower carry costs** than for other volatility-based hedging solutions



## Income Leg

## SHORT PUTS ON S&amp;P 500®

Daily sale of 1-month 95% put option on the S&P 500® for 200% of notional, which aims at:

- **Offsetting carry costs** and generating income over time
- **Mitigating the negative impact** of a quick/sharp mean-reversion of the market (and of the VIX®)



## STABILISATION

Fixed notional on both legs

- **Stabilise reactivity and carry costs**



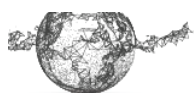
## EXECUTION

DAILY (for both legs)

- **Smooth entry / exit points**  
VWAP\* (for VIX Leg)
- **Overcome dependency on time**

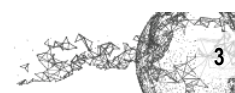
## RESULTING PROFILE:

## VOLATILITY-BASED DEFENSIVE RELATIVE VALUE STRATEGY



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FUND CHARACTERISTICS AND RISKS

Fund	THEAM QUANT DYNAMIC VOLATILITY CARRY				Capital protection	No
Management Company	BNP PARIBAS ASSET MANAGEMENT Europe				Minimum Investment horizon	5
Comparative Index	No Benchmark				Legal form	Mutual Fund
Assets under Management	USD 122.37 million as of 31 July 2025				SRI Ranking (scale from 1 to 7)*	4
Share	I ACC USD	I ACC EUR	M ACC USD	M ACC -		
Launch date	19 July 2021	24 September 2021	19 July 2021	24 September 2021		
ISIN code	FR0014003S23	FR0014005CJ0	FR0014003RZ9	FR0014005CH4		
Bloomberg code	DYVOCAI FP	THDVCIH FP	DYVOCAM FP	THDVCMH FP		
Ongoing charges	0.77%	0.77%	0.27%	0.27%		
Subscription / Exit fees	None / None	None / None	None / None	None / None		
Minimum subscription	100K\$	100K \$ equiv	50 M\$	50 M\$ equiv		
Passporting	Germany, France, United Kingdom, Luxembourg		Austria, France		Germany, France	

\*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 following list of risk factors associated with the funds is not exhaustive, please refer to the prospectus for a full list of the risks associated with THEAM Quant Dynamic Volatility Carry. The risk factors that should be considered in connection with any investment include (but are not limited to) the following:
- An investment in the funds may involve a significant degree of risk. Investment in the funds is only suitable for those persons who are able to bear the economic risk of the investment, understand the degree or risk involved, believe that the investment is suitable based upon their investment objectives and financial needs, and have specific needs for liquidity of investment. There can be no assurance that the funds' objectives will be achieved or that there will be any return of capital.

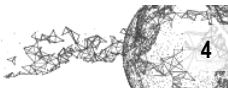
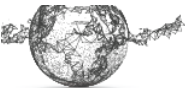
**Risk of capital loss:** The attention of potential unitholders and investors is drawn to the fact that the Fund may not perform in line with its objectives and that the capital invested, after subscription fees have been deducted, may not be recovered in full.

**Volatility risk:** The Fund is exposed to equity volatility and may therefore be subject to upward or downward movements of its net asset value. Net asset value could be reduced due to the costs inherent in the nature of financial products dealt with.

**Model risk:** The objective of the Strategy is to have a positive exposure to volatility combined with a strategy of seeking returns through short-term options positions. Under certain market conditions, there is a risk that the performance of the Strategy may not be directly correlated with the change in volatility of the relevant markets. In particular, the VIX may respond unexpectedly to the rise when the S&P 500 index falls and may not provide the expected hedging or performance benefits.

**Counterparty risk:** Counterparty risk refers to losses incurred by the Fund as a result of over-the-counter transactions concluded with a counterparty if that counterparty defaults. This risk exists primarily for futures contracts (including total return swaps), repurchase agreements etc. that the Fund may enter into with BNP Paribas or any other counterparty. However, counterparty risk is limited by the implementation of a guarantee granted to the Fund in accordance with the regulations in force.

**Risks associated with collateral management:** Management of collateral received in connection with securities-financing transactions and over-the-counter forward financial instruments (including total return swaps) may involve certain specific risks such as operational risks or custody risk. As such, these transactions may have a negative effect on the Fund's net asset value.



## WHAT ARE THE RISKS?

**Legal risk:** The use of temporary purchases and sales of securities and/or forward financial instruments (including total return swaps [TRS]) may result in a legal risk related to the execution of contracts.

**Sustainability risk:** Unmanaged or unmitigated sustainability risks can impact returns on financial products. For example, if an environmental, social or governance event or situation were to occur, it could have an actual or potential negative impact on the value of an investment. The occurrence of such an event or situation can also lead to a change in the Fund's investment strategy, which can involve the exclusion of securities of certain issuers. More specifically, the negative effects of sustainability risks can affect issuers by means of a series of mechanisms, including: 1) a decrease in revenues; 2) higher costs; 3) damages or depreciation of asset value; 4) higher cost of capital; and 5) regulatory fines or risks. Owing to the nature of sustainability risks and specific issues such as climate change, the likelihood that sustainability risks will have an impact on returns on financial products is likely to increase in the longer term.

**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.

**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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