

THEAM QUANT  
DISPERSION US FUNDtheam QUANT  
FUNDS

LIQUID ALTERNATIVES

MARKETING COMMUNICATION | FOR PROFESSIONAL CLIENTS ONLY | MARCH 2024

## OBJECTIVE

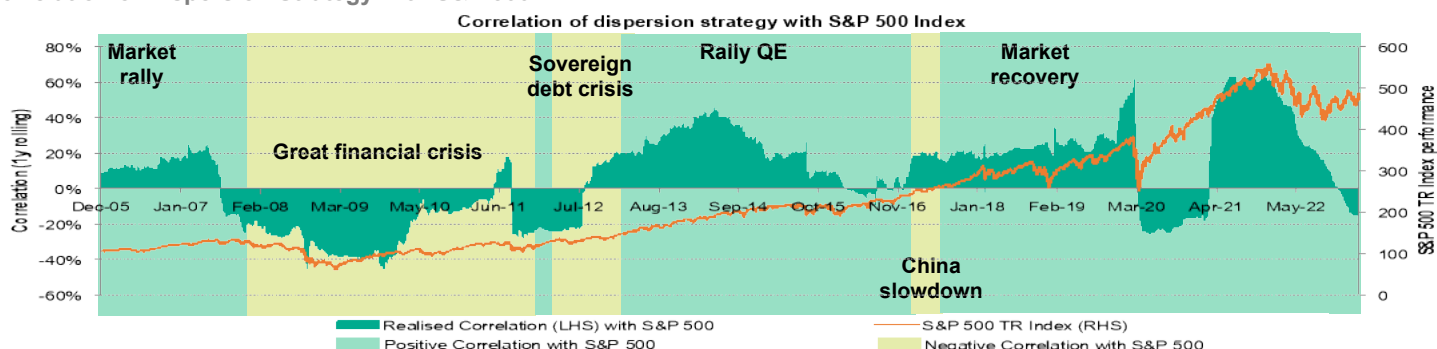
- The THEAM Quant Dispersion US Fund's investment objective is to offer unitholders, over a recommended investment horizon of two years, a strategy which benefits from the rise in single stock volatility relative to their benchmark index. The Fund is for qualified investors wishing to invest in an instrument which provides the potential of diversification for an equity portfolio during material market drawdowns while offering a potential neutral carry cost over the medium term during rising markets. The Fund strategy is Implemented systematically via a basket of individual stock volatility swaps and an index volatility swap.

## KEY POINTS

- The THEAM Quant Dispersion US Fund aims to offer a long run negative correlation to US equities, providing strong diversification properties.
- Implementing a systematic strategy, the fund aims to capture dispersion whilst leveraging BNP Paribas leading volatility expertise and infrastructure.
- A potential limited carry cost when compared to traditional volatility or other defensive strategies.
- The fund targets a constant exposure to volatility enabling investors to invest on a "buy and hold" basis without the need to consider tactical market timing.

## IMPACT ON EQUITY PORTFOLIO

## Correlation of Dispersion Strategy with S&amp;P 500



Source: Bloomberg, BNP Paribas as of 31 March 2023. Past performance is not an indicator of future performance.

## STRATEGY

This strategy picks up the best realised stocks with an optimised allocation and uses volatility-based instruments to achieve its investment targets

- Every month a new clip of 101 volatility swaps is initiated with 12-month maturity and an exposure of 5/12 for each swap:

1 short volatility swap on the S&amp;P500 index

&amp;

100 long volatility swaps on a selected basket of the 100 largest market caps from the S&amp;P500 Index (Top 100)\*

- The basket is weighted based on realised carry over the previous 6 months versus prevailing implied levels amongst the top 100 names of the S&P 500:

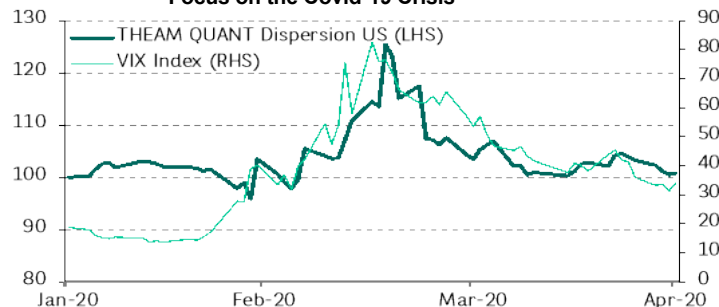
\* The selection corresponds to 100 of the largest stocks of the S&P500 previously filtered for corporate actions and other parameters' specific considerations such as unreasonably high or low volatility

## BEHAVIOUR DURING MARKET DRAWDOWNS

## Focus on the Global Financial Crisis\*\*



## Focus on the Covid-19 Crisis\*\*\*



Source: Bloomberg, BNP Paribas, for illustrative purposes only. \*\*Period covering from 09 May 2008 to 15 January 2009. \*\*\*Period covering from 31 January 2020 to 30 April 2020. Past or simulated performance is not indicative of future results. Please read the Disclaimer carefully.

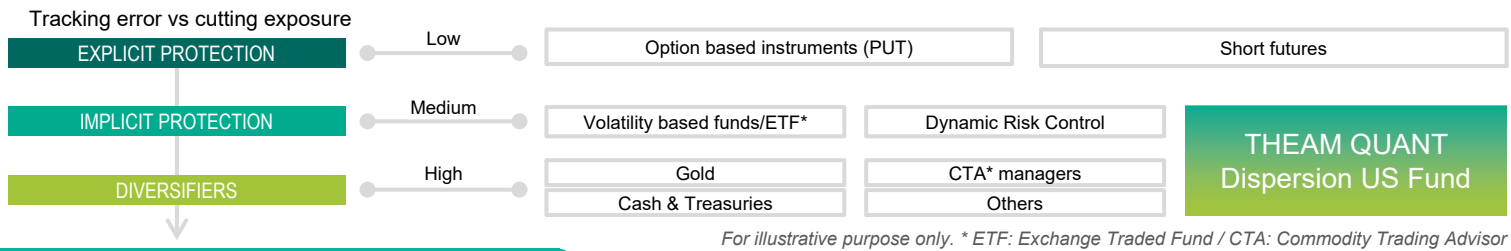
# THEAM Quant Dispersion US Fund

LIQUID ALTERNATIVES

As of March 28<sup>th</sup>, 2024

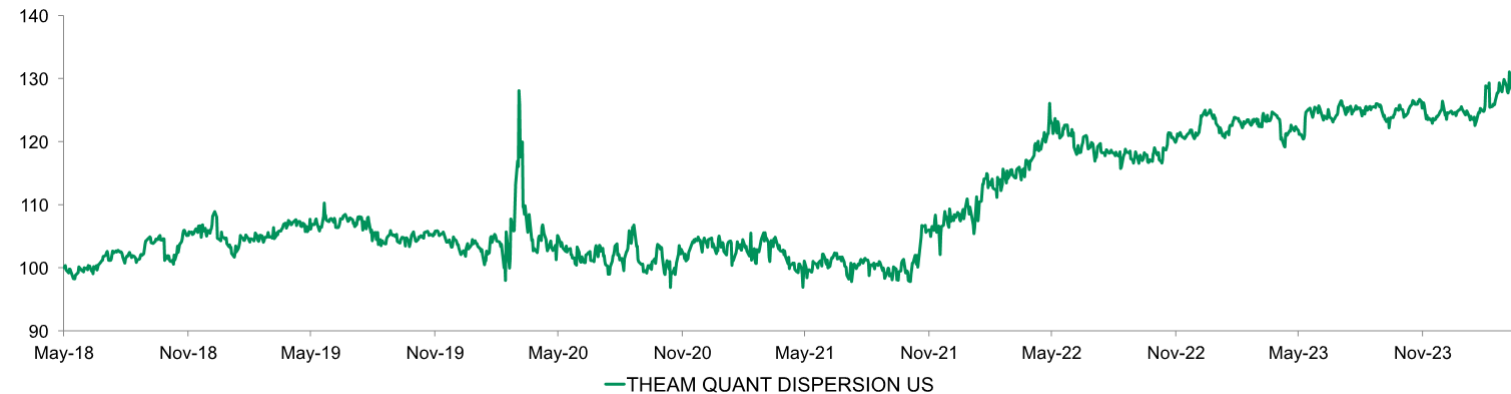
## DISPERSION: BNP PARIBAS RISK MITIGATING SOLUTION

BNP Paribas mitigating solution sits in between implicit protection and diversifier depending on market conditions



## PERFORMANCE ANALYSIS

Historical Performance of the Fund (net of fees, Share J – USD Acc)



THEAM QUANT DISPERSION US										Volatility p. a.		Max. Drawdown	
										15.09%		-24.37%	

# Funds' main common risks

- The following list of risk factors associated with the funds is not exhaustive. 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 of 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.

## Economic conditions

- The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the equity markets. Unexpected volatility or illiquidity in the markets in which the funds hold positions could impair the funds' ability to carry out their business or cause them to incur losses. None of these conditions is within the control of the funds or its management company and/or investment manager and no assurances can be given that the funds or its management company and/or investment manager will anticipate these developments.

## The funds will possess inherent risks

- These include, among other things, credit, liquidity, volatility, currency and interest rate risk, the financial condition of the underlying obligors, general economic conditions, market price volatility, the condition of certain financial markets, political events and developments or trends in any particular industry.

## Currency exchange risk

- The value of an investment may be affected by fluctuations in the currency of the country in which the investment was made, or exchange control regulations.

## Interest rate risk

- The value of an investment may be affected by interest rate fluctuations. Interest rates may be influenced by several elements or events, such as monetary policy, the discount rate, inflation, etc.

## Derivatives risk

- The use of derivatives by the funds includes various risks. Those risks are (without limitation), the lack of secondary market liquidity under circumstances, valuations risks, the lack of standardization and regulation, the risk of leverage, the risk of counterparty.

## Liquidity risk

- There is a risk that investments made in funds may become illiquid due to an over-restricted market (often reflected by a very broad bid-ask spread or by substantial price movements), or if their "rating" declines or their economic situation deteriorates.

## Credit risk

- This is the risk that may derive from the rating downgrade of a bond issuer to which the funds are exposed, which may therefore cause the value of the investments to go down. Funds investing in high-yield bonds present a higher than average risk due to the greater fluctuation of their currency or the quality of the issuer.

## Risk linked to equity markets

- The risks associated with investments in equities (and similar instruments) include significant fluctuations in prices, negative information about the issuer or market and the subordination of a company's equities to its bonds. The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial outlay.

## Counterparty risk

- This risk relates to the quality of the counterparty with whom the funds do business or enter into various transactions. This risk reflects the counterparty's ability to honor its commitments (payment, delivery, repayment, etc.)

*The investments in the funds are subject to market fluctuations and the risks inherent in investments in securities. The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial outlay. Investors are warned that the capital invested may not be fully recovered, mutual funds described in this document being in risk of capital loss and risk of counterparty. Past performance is not indicative of future performance.*

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