

EQUITY EUROPE DEFI
NEWSLETTERtheam QUANT
FUNDS

MARKETING COMMUNICATION | FOR PROFESSIONAL CLIENTS ONLY | SEPTEMBER 2024

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INVESTMENT OBJECTIVE

The THEAM Quant - Equity Europe DEFI Fund aims to increase the value of its assets over the medium term by being exposed to a dynamic basket of equities listed on European markets or operating on these markets, the components of which are chosen using a systematic selection method based on fundamental and technical analysis of the companies' shares.

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 as 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.

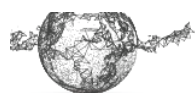
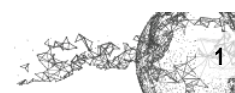
PERFORMANCE

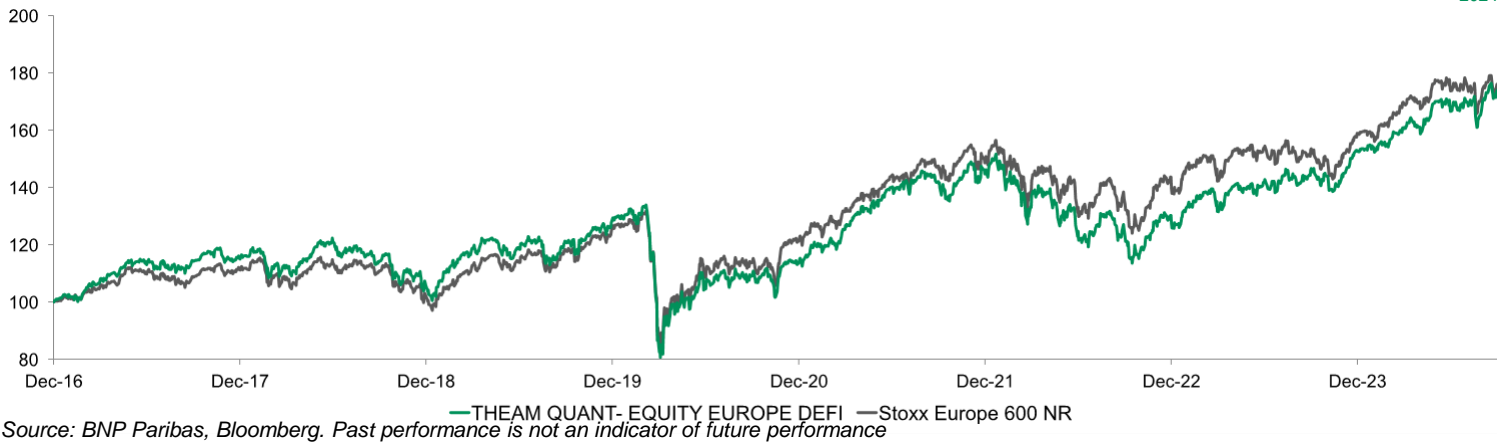
As of September 30th,
2024

Dec 16 - Sep 24	THEAM QUANT- EQUITY EUROPE DEFI	Stoxx Europe 600 NR
Performance 1 month	0.06%	-0.34%
Cumulative Performance Year To Date	14.65%	11.73%
Annualised Performance Since Start Date	7.50%	7.71%
Annualised Sharpe Ratio Since Start Date	0.47	0.50
Annualised Volatility Since Start Date	16.05%	15.54%
Max Drawdown Since Start Date	-39.80%	-35.36%

Refers to LU1480600375, THEAM Quant – Equity Europe DEFI – I EUR ACC <TQEDIAE LX Equity>. Stoxx Europe 600 NR refers to the SXXR 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

Learn more
ABOUT GLOBAL MARKETS<https://globalmarkets.cib.bnpparibas/>



MONTHLY COMMENTARY

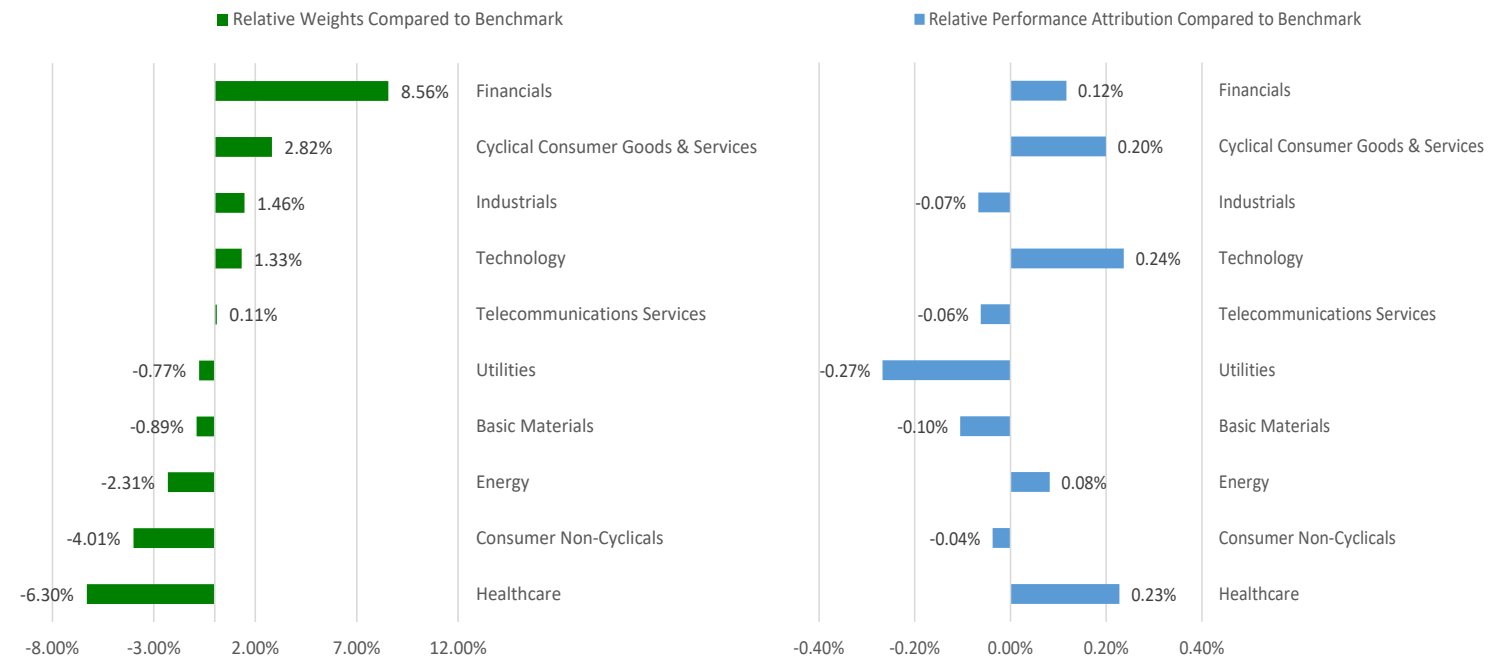
MACRO BACKGROUND

The fund posted a positive return in September: +0.06%, outperforming its benchmark index over this month by +0.40%.

PERFORMANCE BREAKDOWN

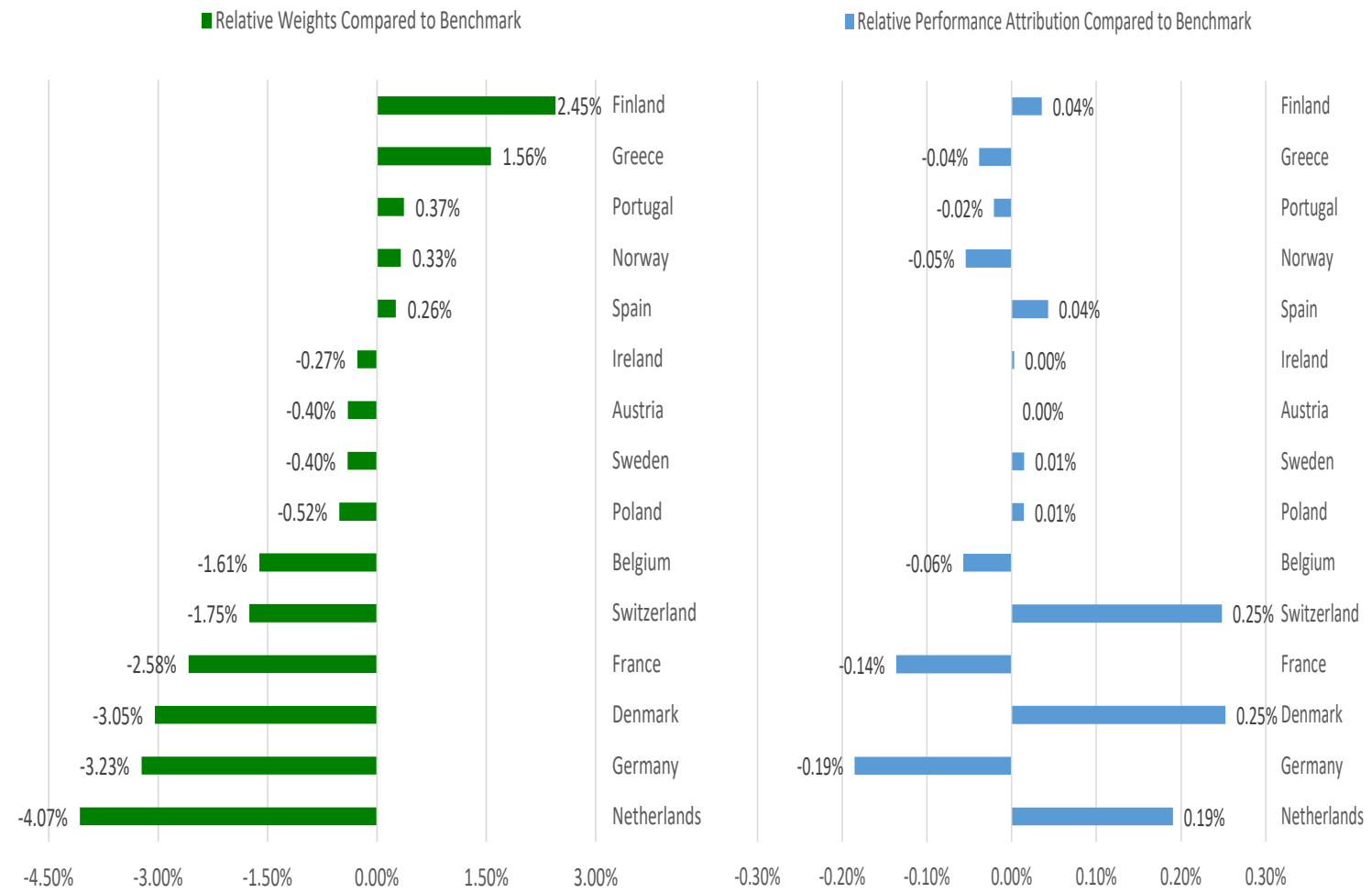
- The performance of THEAM Quant – Equity Europe DEFI was due to the following factors:
 - Within the **Technology** and the **Cyclical Consumer Goods & Services** sectors, stock picking outperformed those of the Stoxx Europe 600 NR (resp. +2.2 % and +1.5 %) with, for example, the positive performances of INDITEX (+8.5 %, with a weight of 2.2 %) and of AUTO TRADER GROUP (+2 %, weighted at 1.3 %).
 - Within **Italy**, our equity selection outperformed by 3.5 % with, for example, the positive performance of UNIPOL GRUPPO FINANZIARIO (+11.4 %, with a weight of 1.7 %).
 - The **Healthcare** sector underperformed with a weaker allocation at 10.0 % (versus 16.3 % for the benchmark).
 - On the contrary, within the **Utilities** and the **Basic Materials** sectors, our choice underperformed by resp. -7.6 % and -1.2 %.
 - A sector analysis shows a rise of 0.9 % and 0.3 % for the **Cyclical Consumer Goods & Services** and the **Technology** sectors (weighted at 13.6 % and 11.0 % respectively). On the contrary, **Healthcare** and **Utilities** fell by 0.9 % and 0.4 % (weighted at 9.5 % and 3.2 % respectively).

SECTOR RELATIVE WEIGHTS AND PERFORMANCE ATTRIBUTION



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

COUNTRY RELATIVE WEIGHTS AND PERFORMANCE ATTRIBUTION

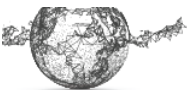


Source: BNP Paribas. Past performance is not an indicator of future performance.

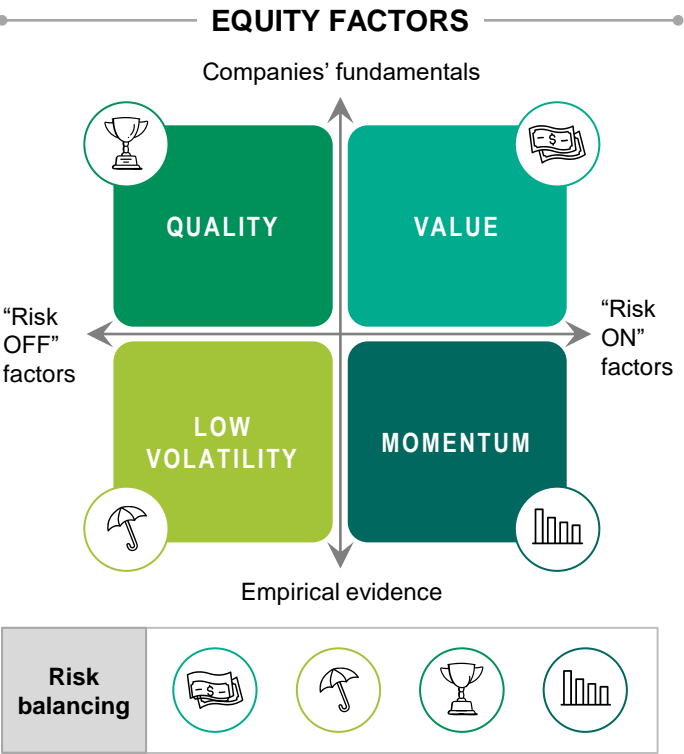
FACTORS BREAKDOWN

	Low Volatility	Momentum	Quality	Value
Factor Weights	31.78%	24.93%	23.77%	19.51%
Contribution per Factor	-0.02%	0.07%	-0.10%	-0.21%

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



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



1 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.

2 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.

3 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 STOXX Europe 600 Index, while meeting liquidity and turnover investment constraints

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FUND CHARACTERISTICS AND RISKS

Fund	THEAM QUANT- EQUITY EUROPE DEFI				Capital protection	No
Management Company	BNP PARIBAS ASSET MANAGEMENT Europe				Minimum Investment horizon	5
Comparative Index	STOXX Europe 600 (NR)				Legal form	SICAV
Assets under Management	EUR 10.56 million as of 30 September 2024				SRI Ranking (scale from 1 to 7)*	4
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 EUR	C ACC EUR	C DIS EUR	J ACC EUR		
Launch date	15 December 2016	15 December 2017	15 December 2017	21 March 2019		
ISIN code	LU1480600375	LU1542716607	LU1542716789	LU1480601266		
Bloomberg code	TQEDIAE LX	TQEEDEC LX	TQEUDEC LX	TQEJACE LX		
Ongoing charges	0.61%	1.46%	1.46%	0.46%		
Subscription / Exit fees	None / None	3.00% / None	3.00% / None	None / None		
Minimum subscription	100K € equiv	No minimum	No minimum	10M€ equiv		
Passporting	Belgium, Switzerland, Germany, France, United Kingdom, Italy, Luxembourg, Norway, Sweden	Belgium, Switzerland, Germany, France, United Kingdom, Italy, Luxembourg, Norway, Sweden	Belgium, Switzerland, Germany, France, Luxembourg	Switzerland, Germany, France, Italy, Luxembourg		

*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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