



EQUITY EUROZONE DEFI NEWSLETTER



MARKETING COMMUNICATION | FOR PROFESSIONAL CLIENTS ONLY | SEPTEMBER 2024

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 Equity Eurozone DEFI is to increase the value of its assets over the medium term by being exposed to a dynamic basket of equities from the European Economic and Monetary Union of the European Union (the Eurozone), 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.

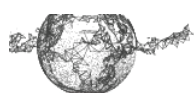
PERFORMANCE

As of September 30th, 2024

Table with 3 columns: Dec 18 - Sep 24, THEAM QUANT- EQUITY EUROZONE DEFI, Euro Stoxx. Rows include Performance 1 month, Cumulative Performance Year To Date, Annualised Performance Since Start Date, Annualised Sharpe Ratio Since Start Date, Annualised Volatility Since Start Date, and Max Drawdown Since Start Date.

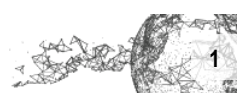
Refers to LU1893649548, THEAM Quant – Equity Eurozone DEFI – I EUR ACC <THQEEDI LX Equity>. Euro Stoxx refers to the SXXT Index. Source: Bloomberg. Past performance is not an indicator of future performance.

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

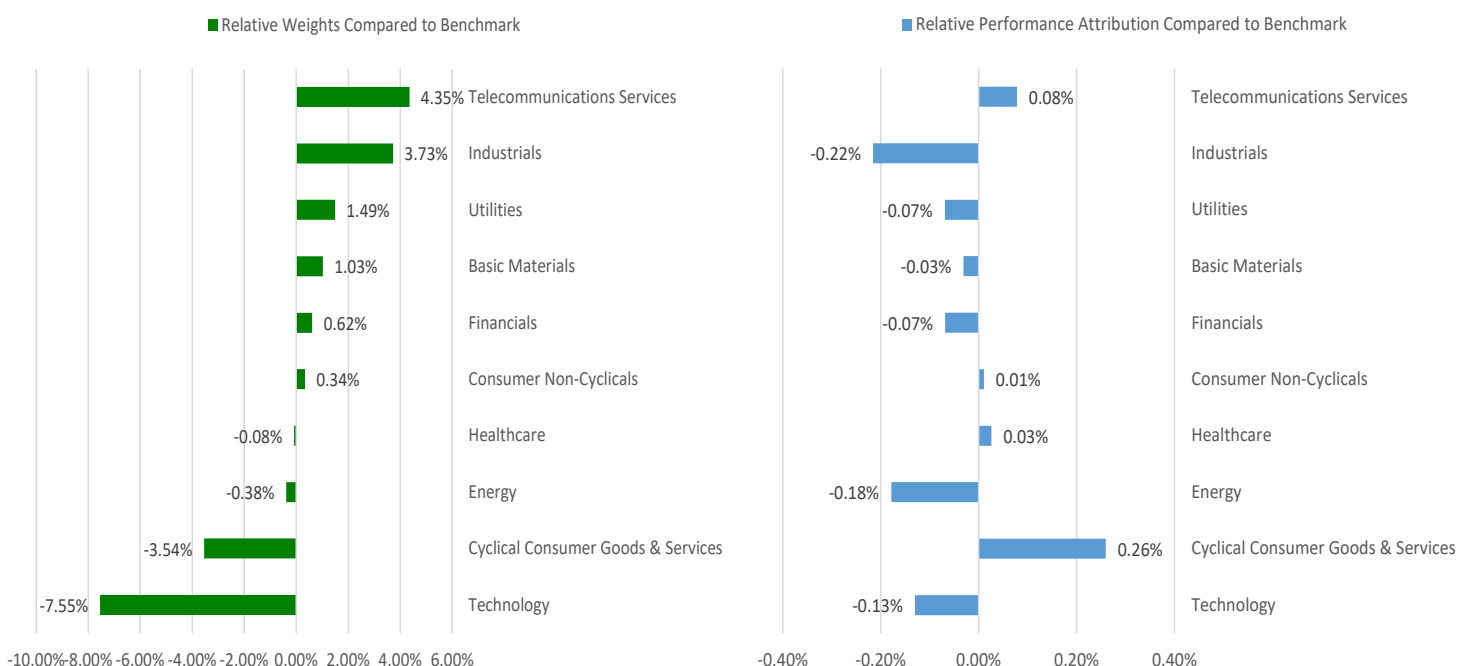
MACRO BACKGROUND

The fund posted a positive return in September: 0.68%, yet underperforming its benchmark index over this month (by -0.33%).

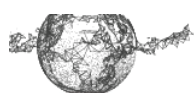
PERFORMANCE BREAKDOWN

- Within the **Industrials**, the **Energy** and the **Technology** sectors, our equity selection underperformed those of the Euro Stoxx (resp. -1.3 %, -4.2 % and -2.6 %) on the back of, for example, the poor performances of GALP ENERGIA SGPS (-10.4 %, weighted at 2.0 %) and of RHEINMETALL (-10.3 %, with a weight of 1.3 %).
- Conversely, our selection within **Italy** outperformed that of the benchmark (+3.1 % versus -0.8 %), which was magnified by our stronger overweighting (+8.1 %). Within the **Cyclical Consumer Goods & Services** sector, our choice outperformed by 2.5 %. Lastly, The index over allocated the **Telecommunications Services** sector (7.7 % versus 3.4 %) which was up with respect to the benchmark (by +1.6 %).
- The allocation analysis shows a rise of 5.1 % and 0.9 % for the **Financials** and the **Industrials** sectors (weighted at 25.5 % and 21.4 % respectively). On the contrary, **Utilities** and **Technology** fell by 3.6 % and 2.3 % (weighted at 3.8 % and 6.2 % respectively).

SECTOR RELATIVE WEIGHTS AND PERFORMANCE ATTRIBUTION

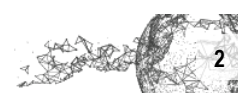


Source: BNP Paribas. Past performance is not an indicator of future performance



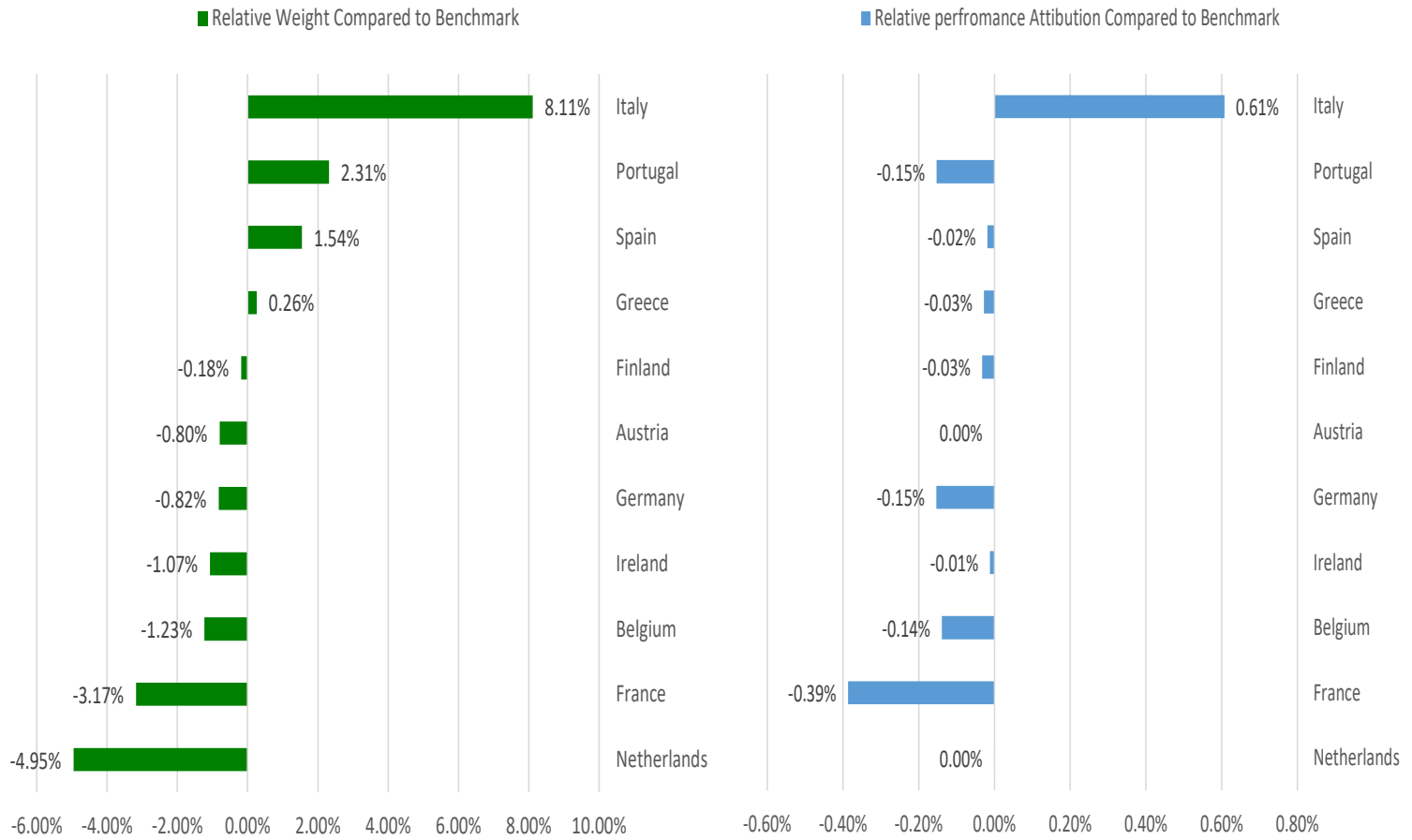
Learn more ABOUT GLOBAL MARKETS

<https://globalmarkets.cib.bnpparibas/>



COUNTRY RELATIVE WEIGHTS AND PERFORMANCE ATTRIBUTION

As of September 30th, 2024

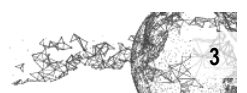
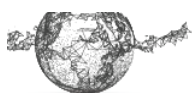


Source: BNP Paribas. Past performance is not an indicator of future performance.

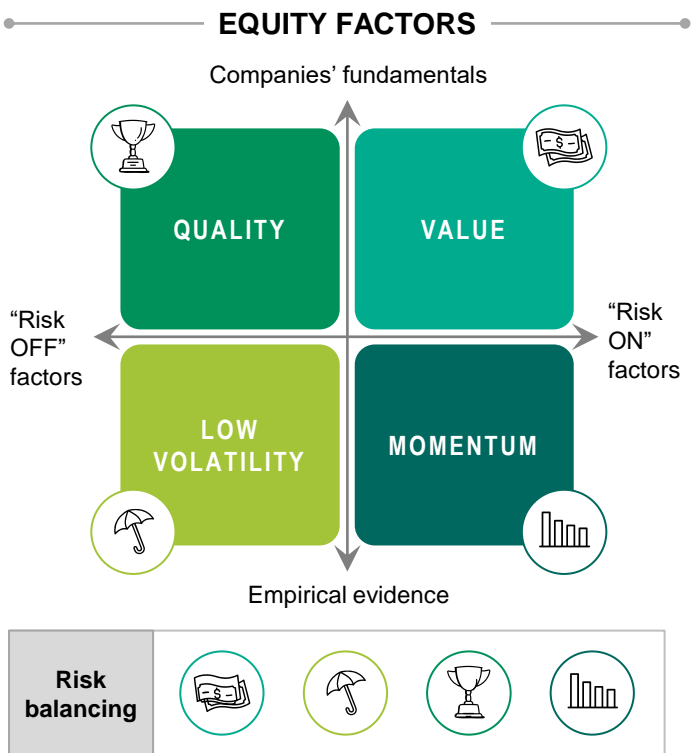
FACTORS BREAKDOWN

	Low Volatility	Momentum	Quality	Value
Factor Weights	31.12%	26.77%	22.38%	19.74%
Contribution per Factor	0.14%	0.24%	0.26%	0.06%

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 EURO STOXX Index, while meeting liquidity and turnover investment constraints

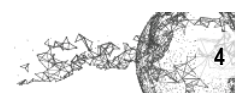
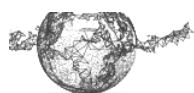
CONTACTS

EQUITIES STRATEGIES, GLOBAL MARKETS | Stanislas Mesland | stanislas.mesland@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

Fund	THEAM QUANT- EQUITY EUROZONE DEFI			
Management Company	BNP PARIBAS ASSET MANAGEMENT Europe		Capital protection	No
Comparative Index	EURO STOXX (NR)		Minimum Investment horizon	6
Assets under Management	EUR 9.21 million as of 30 September 2024		Legal form	SICAV
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.		SRI Ranking (scale from 1 to 7)*	4
Share	I ACC EUR	C ACC EUR	J ACC EUR	C DIS MD
Launch date	03 December 2018	03 December 2018	22 February 2019	15 January 2020
ISIN code	LU1893649548	LU1893648227	LU1893651015	LU2093157696
Bloomberg code	THQEEDI LX	THQEEDC LX	THQEEDJ LX	TFACTOR LX
Ongoing charges	0.64%	1.49%	0.49%	1.49%
Subscription / Exit fees	None / None	3.00% / None	None / None	3.00% / None
Minimum subscription	100K € equiv	No minimum	10M€ equiv	No minimum
Passporting	Germany, France, Italy, Luxembourg	Germany, France, Italy, Luxembourg	Germany, France, Italy, Luxembourg	France, 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

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

