

EQUITY EUROZONE DEFI
NEWSLETTERtheam QUANT
FUNDS

MARKETING COMMUNICATION | FOR PROFESSIONAL CLIENTS ONLY | MARCH 2024

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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.

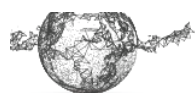
PERFORMANCE

As of March 28th, 2024

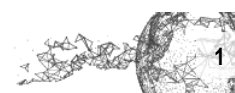
Dec 18 - Mar 24	THEAM QUANT- EQUITY EUROZONE DEFI	Euro Stoxx
Performance 1 month	3.83%	4.52%
Cumulative Performance Year To Date	7.91%	10.04%
Annualised Performance Since Start Date	9.07%	9.88%
Annualised Sharpe Ratio Since Start Date	0.47	0.51
Annualised Volatility Since Start Date	19.38%	19.30%
Max Drawdown Since Start Date	-42.31%	-37.89%

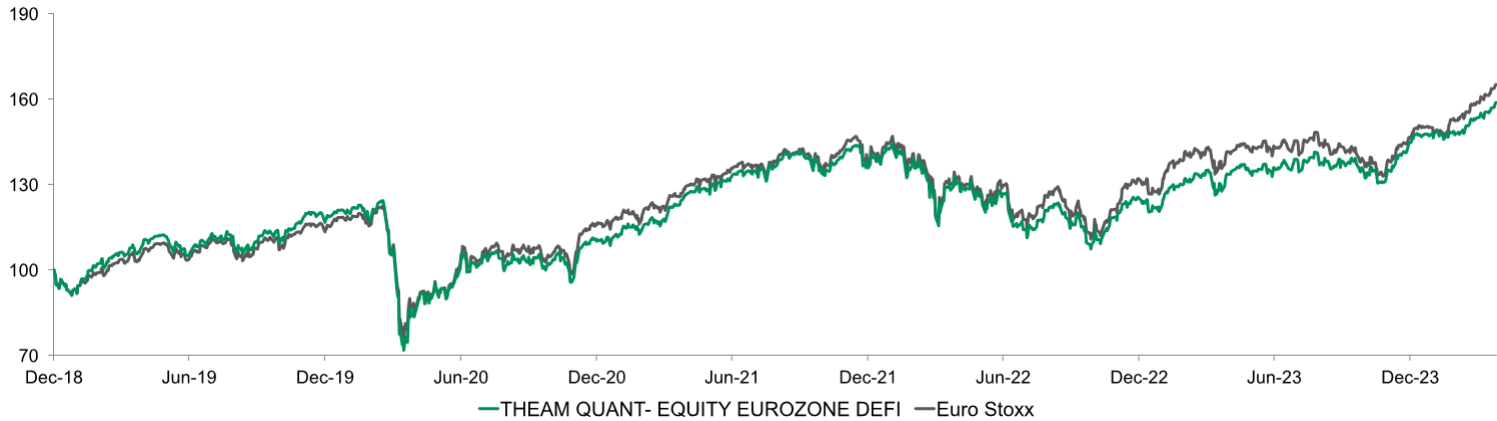
Refers to LU1893649548, THEAM Quant – Equity Eurozone DEFI – I EUR ACC <THQEEDI LX Equity>. Euro Stoxx refers to the SXXT Index. Source: Bloomberg. Past performance is not an indicator of future performance.

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

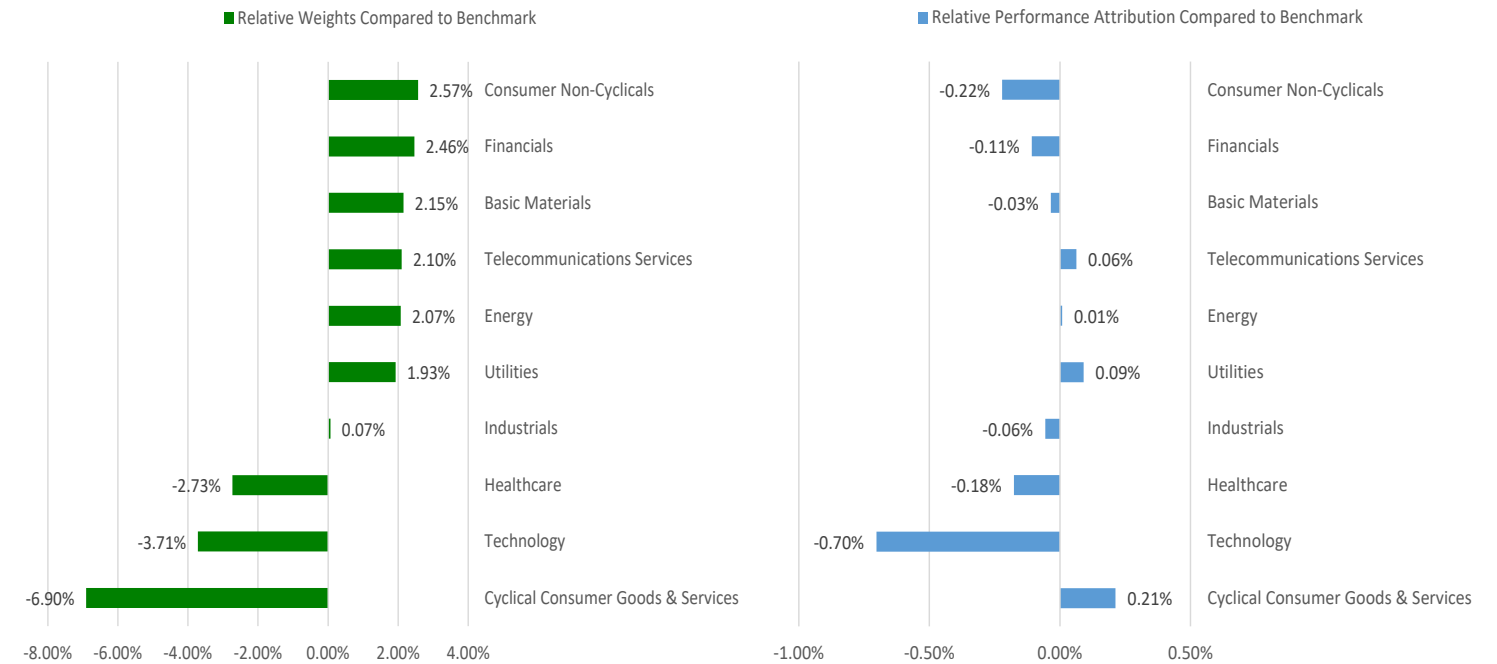
MACRO BACKGROUND

The fund posted a positive return in March: +3.83%, yet underperforming its benchmark index over this month (by -0.69%).

PERFORMANCE BREAKDOWN

- Within the **Technology**, the **Consumer Non-Cyclicals** and the **Healthcare** sectors, stock picking underperformed those of the Euro Stoxx (-2.7 % versus +2.1 %, -2.3 % versus +0.2 % and +1.8 % versus +3.7 % respectively) on the back of, for example, the poor performances of JERONIMO MARTINS (-16.9 %, with a weight of 1.9 %) and of BE SEMICONDUCTOR INDUSTRIES (-15.1 %, weighted at 1.5 %).
- Within the **Netherlands**, our choice underperformed by -4.3 %.
- Conversely, within the **Cyclical Consumer Goods & Services** sector, our equity selection outperformed that of the Euro Stoxx (+4.0 %).
- A sector analysis shows a rise of 1.2 % and 0.9 % for the **Industrials** and the **Healthcare** sectors (weighted at 18.0 % and 4.6 % respectively). On the contrary, **Technology** and **Energy** fell by 2.5 % and 0.9 % (weighted at 11.1 % and 6.2 % respectively).

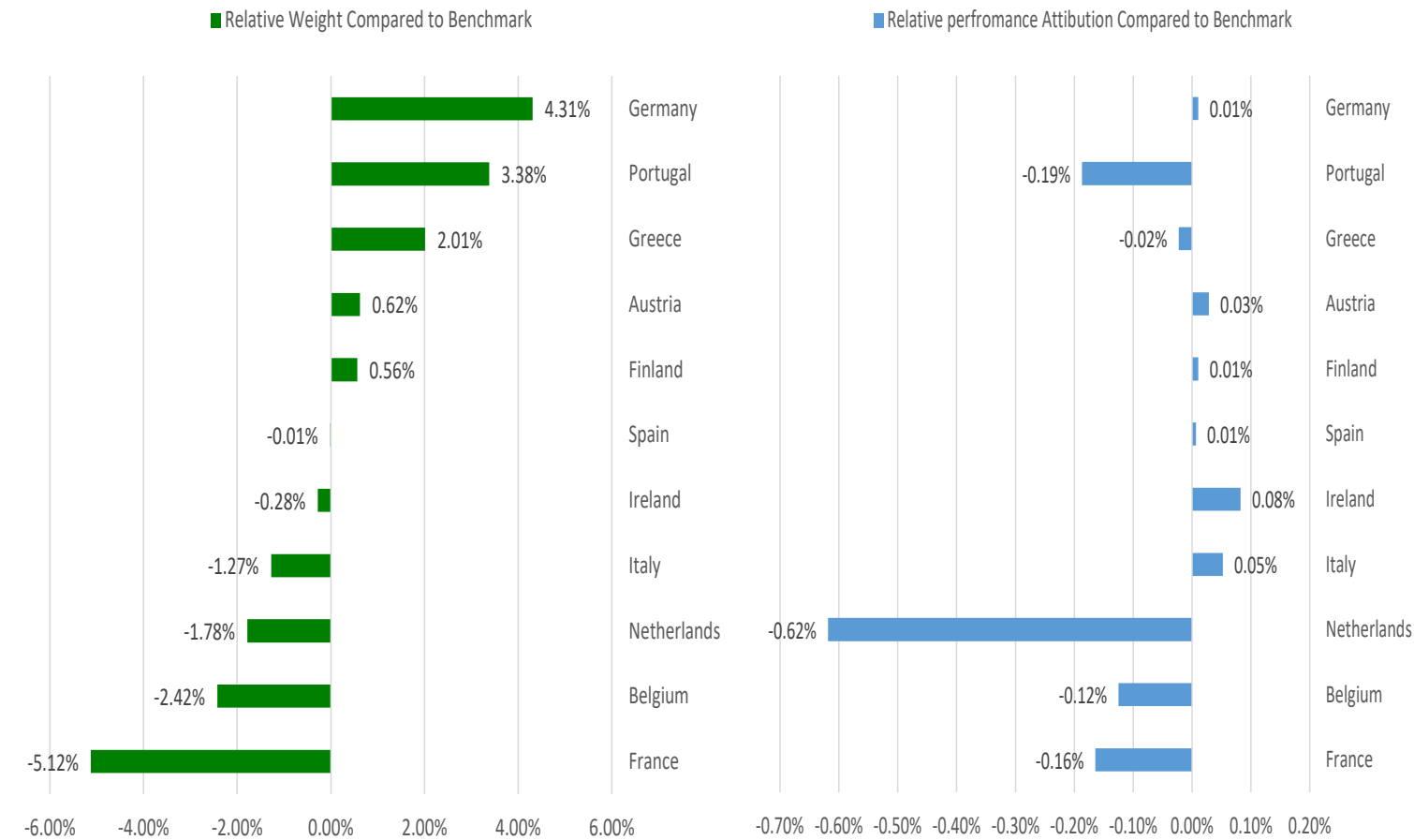
SECTOR RELATIVE WEIGHTS AND PERFORMANCE ATTRIBUTION



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

COUNTRY RELATIVE WEIGHTS AND PERFORMANCE ATTRIBUTION

As of March 28th, 2024

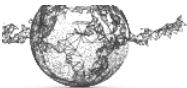


Source: BNP Paribas. Past performance is not an indicator of future performance.

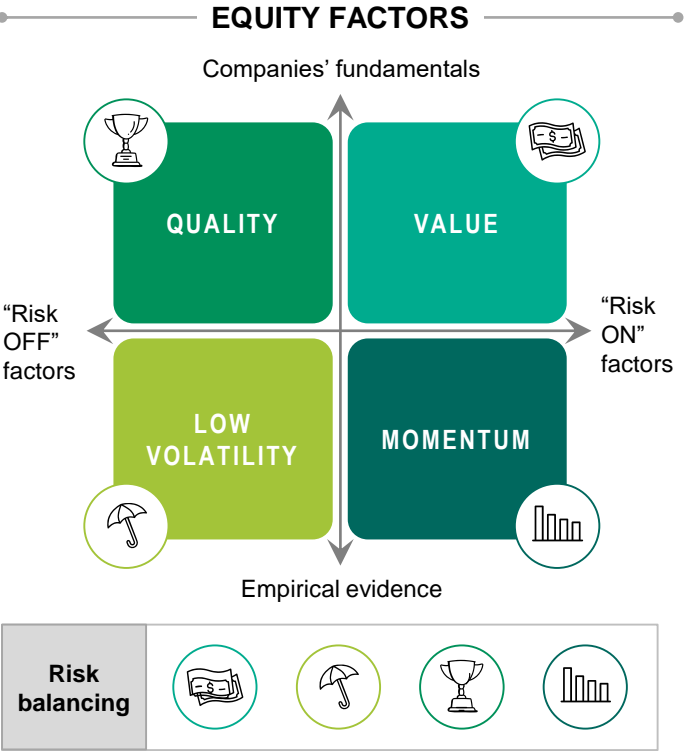
FACTORS BREAKDOWN

	Low Volatility	Momentum	Quality	Value
Factor Weights	29.95%	24.42%	22.63%	23.00%
Contribution per Factor	3.94%	5.38%	3.99%	4.97%

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

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FUND CHARACTERISTICS AND RISKS

Fund	THEAM QUANT- EQUITY EUROZONE DEFI				Capital protection	No
Management Company	BNP PARIBAS ASSET MANAGEMENT Europe				Minimum Investment horizon	6
Comparative Index	EURO STOXX (NR)				Legal form	SICAV
Assets under Management	EUR 8.83 million as of 28 March 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 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	TFACOR 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

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