



## EQUITY EUROZONE FACTOR DEFENSIVE

FEBRUARY 2023 NEWSLETTER

theam QUANT  
FUNDS

## MARKETING COMMUNICATION | FOR PROFESSIONAL CLIENTS ONLY

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 Equity Eurozone Factor Defensive is to provide capital growth by being exposed to a basket of equities from the European Economic and Monetary Union of the European Union (the Eurozone) and by implementing a systematic options strategy which aims at reducing risk by minimizing volatility in the fund.

## STRATEGY

BNP Paribas created THEAM Quant – Equity Eurozone Factor Defensive to allow investors to benefit from a balanced equity exposure while keeping a more defensive profile in case of adverse market conditions.

The strategy aims to generate returns through a risk-balanced and low correlated portfolio that captures the positive risk premia exhibited by 4 factors - momentum, quality, low volatility and value. In addition to that, the Fund implements a systematic options strategy which aims to reduce drawdowns during bear markets and minimize volatility in the fund.

*These internal guidelines are for indicative purposes only; Prospectus and KIID are prevailing.*

## PERFORMANCE

As of 28/02/2023	THEAM Quant - Equity Eurozone Factor Defensive <sup>1</sup>	EURO STOXX Net Return EUR Index <sup>2</sup>
1 month performance	2.65%	1.92%
YTD performance	7.86%	11.40%
12 months performance	0.06%	7.04%
Global annualized return <sup>3</sup>	2.44%	8.32%
Annualised volatility	11.49%	20.56%
Maximum drawdown	-26.20%	-37.89%

<sup>1</sup> – Refers to LU1893653144, THEAM Quant – Equity Eurozone Factor Defensive – I EUR ACC < THQEFDI LX Equity >.

<sup>2</sup> – Refers to the SXXT Index - This Index is for comparative purposes only and does not represent any official benchmark for the Fund.

<sup>3</sup> – Global Annualised return since 03/12/2018. Annualised volatility and maximum drawdown are computed since the launch of the fund.

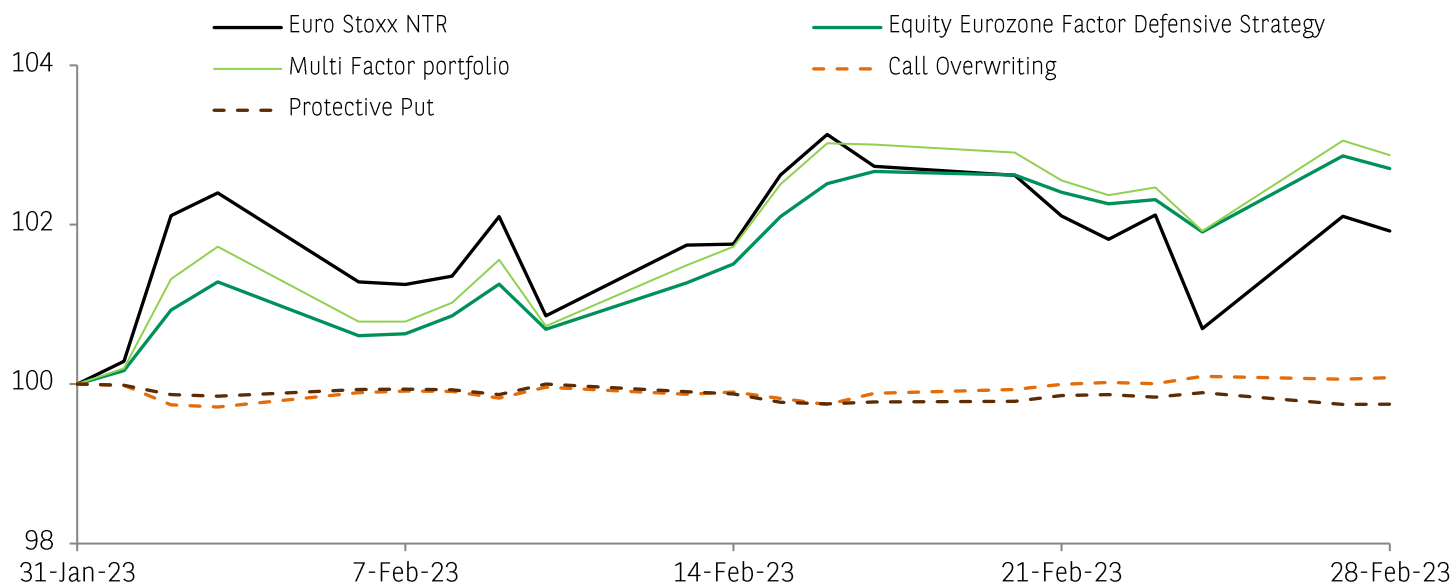
Source: BNP Paribas. Past performance is not an indicator of future performance.

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



## MACRO BACKGROUND

THEAM Quant – Equity Eurozone Factor Defensive recorded a positive performance in February 2023 (+2.65%) while the Eurostoxx Net was up +1.92%. The option overlay had a negative performance over the month: -0.17%, while the multi factor stock selection outperformed the benchmark: +2.87%.



Source: BNP Paribas, Bloomberg as of 28/02/2023. Past performance is not an indicator of future performance.

## PERFORMANCE BREAKDOWN:

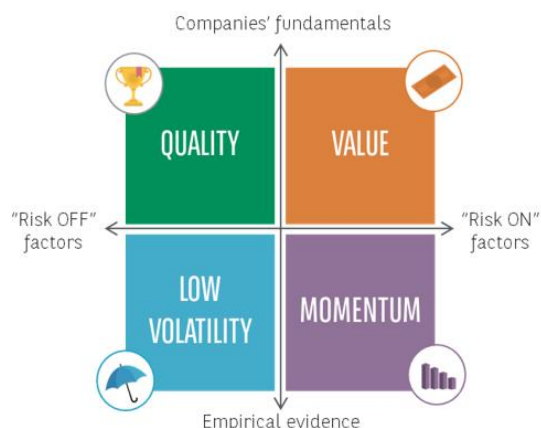
The multi factor stock selection's performance was due to the following factors:

- Within the Industrials, the **Cyclical Consumer Goods & Services** and the **Technology** sectors, our equity selection outperformed by resp. 2.7 %, 2.0 % and 3.3 % with, for example, the positive performances of PUBLICIS GROUPE (+16.2 %, with a weight of 1.0 %) and of WOLTERS KLUWER (+9.3 %, weighted at 2.0 %).
- Within **France**, our choice outperformed that of the benchmark (+4.4 % versus +2.4 %) with, for example, the positive performance of THALES (+8.9 %, with a weight of 2.0 %).
- Conversely, within the **Financials** sector, stock picking underperformed that of the benchmark (-2.3 %).

The allocation analysis shows a rise of 1.6 % and 0.6 % for the **Industrials** and the **Technology** sectors (weighted at 15.1 % and 7.9 % respectively). On the contrary, **Healthcare** and **Telecommunications Services** fell by 1.0 % and 0.8 % (weighted at 6.5 % and 3.6 % respectively).

## OVERLAY ANALYSIS:

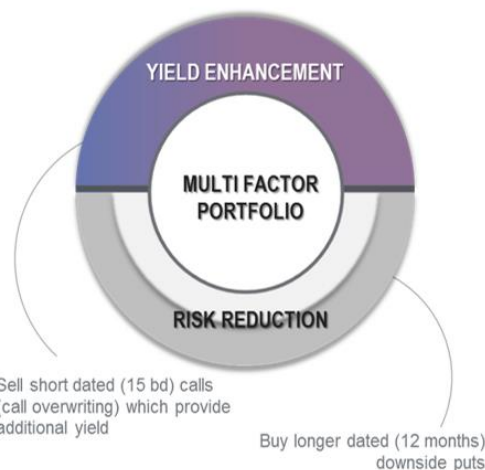
- The puts net contribution was -0.25%.
- The sale of call options has contributed positively +0.08%.
- Overall the overlay had a negative contribution of -0.17%.
- At the end of February, the average strike of puts is at 89%.
- The sale of calls is now generating +2.2% p.a. while the purchase of puts costs 3.6%, leading to a net contribution of -1.4% p.a. for the overlay.
- The delta of the strategy is around 85%.

**CORE: Multi factor portfolio**

A risk-balanced portfolio composed of four core equity ,  
aiming at generating excess returns over the market  
benchmarks



Risk Balancing

**DEFENSIVE LAYER: Yield Enhancement****CONTACTS**

**HEAD OF OPTION-BASED STRATEGIES, GLOBAL MARKETS** | Gilles-Edouard Espinosa | [gilles-edouard.espinosa@bnpparibas.com](mailto:gilles-edouard.espinosa@bnpparibas.com)  
**BNP PARIBAS ASSET MANAGEMENT** | CIB Strategies Sales Support | [am.maqs.cibsalesupport@bnpparibas.com](mailto:am.maqs.cibsalesupport@bnpparibas.com)  
[dl.theam\\_gm\\_coordination@uk.bnpparibas.com](mailto:dl.theam_gm_coordination@uk.bnpparibas.com)

**FUND CHARACTERISTICS AND RISKS**

	THEAM Quant – Equity Eurozone Factor Defensive	
Management company	BNP Paribas Asset Management France	
Type of fund	Sub-fund of the SICAV THEAM QUANT	
Recommended investment horizon	5 years	
Capital protected	No	
SRRI Risk Classification (scale of 1-7) <sup>4</sup>	5	5
Share <sup>5</sup>	Share I (EUR) ACC	Share C (EUR) ACC
Launch date	03 May 2018	03 May 2018
Bloomberg Code	THQEFDI LX Equity	THQEFDC LX Equity
ISIN Code	LU1893653144	LU1893651874
Subscription/ Exit fees	0.00% max / 0.00% max	3.00% max / 0.00% max
On-going charges	0.80%	1.55%
SFDR Article	6	
International registration	Austria, Belgium, France, Germany, Italy, Spain, United Kingdom, Switzerland	

<sup>4</sup> - The synthetic 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.

<sup>5</sup> - For all shares available, please refer to the prospectus [here](#).

## 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.*

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