



LFIS SELECTION
October 2024 NEWSLETTER



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INVESTMENT OBJECTIVE

The objective of the THEAM Quant – LFIS Selection fund is to increase the value of its assets over the medium term through the use of quantitative investment strategies across different asset classes. The fund takes into account recommendations from an Investment Adviser (LFIS Capital), with the objective to identify sources of return coming from market opportunities or inefficiencies and combine them within a balanced portfolio.

STRATEGY

This market-neutral, multi-strategy fund seeks to deliver absolute risk-adjusted returns and provide true diversification in constantly changing markets – it consists of a disciplined risk-controlled portfolio, composed of liquid systematic blocks exploiting selected perennial cross-asset opportunities (created by market dislocations combined with defensive and crisis alpha), which have been identified by the Investment Adviser (LFIS Capital).

- The allocation of the portfolio is such that there is a targeted equal risk contribution from systematic & behavioural strategies, and implied strategies, while also featuring crisis alpha (i.e. risk-mitigation) strategies.
- The portfolio combines liquid alpha, time-tested strategies with varying risk profiles to avoid directional bias.
- The fund’s risk is managed to target a volatility between 5% - 10%, with a medium-to-long term Sharpe ratio above 1.*

Risk management is integrated throughout the investment process, and there is emphasis on transparency and cost-efficiency.

**The achievement of this target is not guaranteed; the liquid alpha strategies which the fund may be exposed to might change over time – the universe of eligible quantitative strategies may be reviewed periodically by the Management Company to achieve the investment objective of the fund.*

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

PERFORMANCE

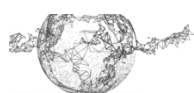
As of 31/10/2024	THEAM Quant – LFIS Selection ¹
1 month performance	-0.38%
YTD performance	-1.75%
Overall performance ²	-13.04%
Annualised Volatility	5.27%
Maximum Drawdown	-20.58%

1 – Refers to LU2346217263, THEAM Quant – LFIS Selection – I EUR ACC <THQABAI LX Equity>.

2 – Overall performance since 07/08/2015

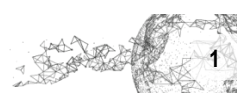
Source: Bloomberg. Past performance is not an indicator of future performance.

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



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<https://aboutglobalmarkets.bnpparibas.com/>



MONTHLY COMMENTARY

FUND PERFORMANCE

The fund posted a negative return in October: -0.38%.

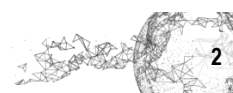
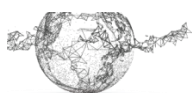
PORTFOLIO MANAGER COMMENTARY

- The American elections took center stage in October. While the political, economic and fiscal programs of the two candidates differ, one point of agreement was found between them: that of not talking about the exorbitant amount of public debt and the remedies to deal with it. This debt increased by 500 billion dollars in October alone, bringing the total to almost 36 trillion dollars.
- Economic indicators have stuck to their trends of recent months: inflation is falling, even if it seems more resilient in the US due to economic growth and a resilient consumer, manufacturing PMI indices are still in negative territory, while Services PMI indices are still expanding in both the US and Europe.
- In that context, the different central banks, still confident about inflation, wish to continue their cycle of key rate cuts, which will also help to lower the cost of debt for governments. As expected, the European Central Bank and the Bank of Canada cut rates by -25bps and -50bps respectively. Nevertheless, in the wake of US 10Y rates, which gained +50bps over the month of October, with the prospect of D. Trump's victory and his protectionist and inflationary program, 10Y rates in the G10 universe rose overall. A decoupling of the pace of rate cuts could therefore materialize between the US and Europe.
- On the corporate front, earnings were up on average in the US, but growth was not at the level implicitly expected. This did not bother investors, who have been postponing their expectations to the following quarter for some quarters now. The publications were more disappointing in Europe, where the outlook is also more difficult. The MSCI index lost -2% over the month, the Eurostoxx50 -3.5% and the S&P500 -1%. In terms of risk parameters, the VIX index gained +6 points with the prospect of elections. Credit spreads were flat on average over the month.
- In that context, the funds recorded a negative performance.
- Systematic strategies delivered a negative month. Rates trend factor is the main detractor and suffered from the important price action of the Treasuries this month, even if it has been slightly mitigated by Rates carry factor. Equities strategies posted a negative performance whereas FX and Commos had a positive performance thanks to Carry factors mainly.
- Implied strategies posted a positive performance this month. Relative value strategies on the Vix term structure rebounded from previous months underperformance. Rates Vol Carry delivered well thanks to MtM repricing.
- Risk mitigation positions posted a small gain thanks to mid frequency positions.

RISK METRICS

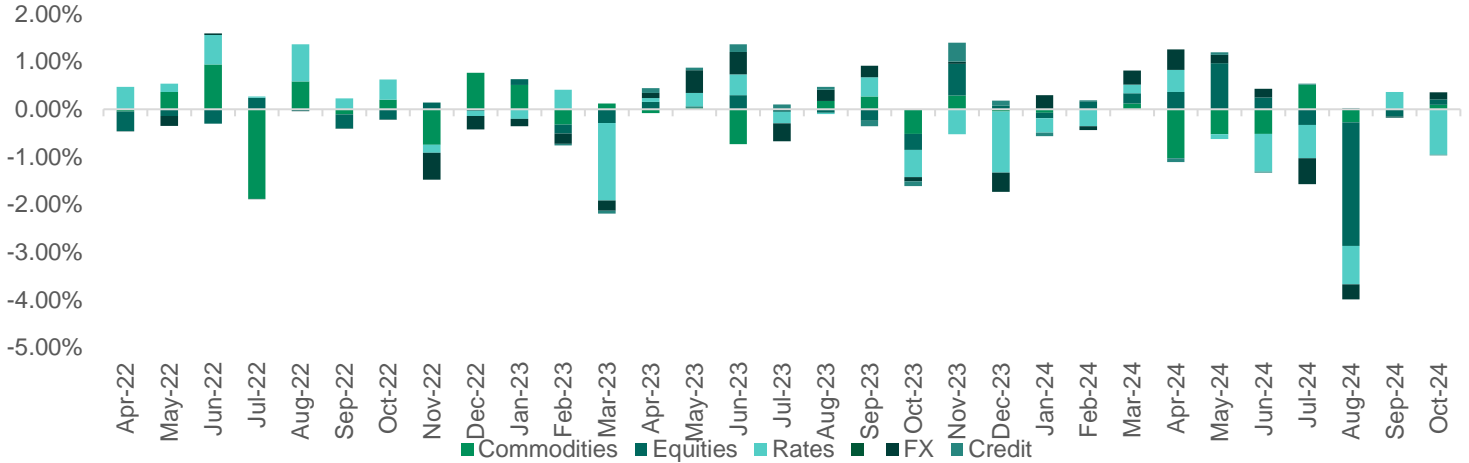
Risk Metric*	Value
Ex-post VaR (99, 1bd)	-0.90%
Ex-post CVaR (95, 1bd)	-0.27%
Ex-ante VaR (99, 1bd)	-0.94%
Sharpe Ratio	-
Sortino Ratio	-0.09

*Historical metrics are calculated since 20/04/2022



PERFORMANCE ATTRIBUTION (BY ASSET CLASS)

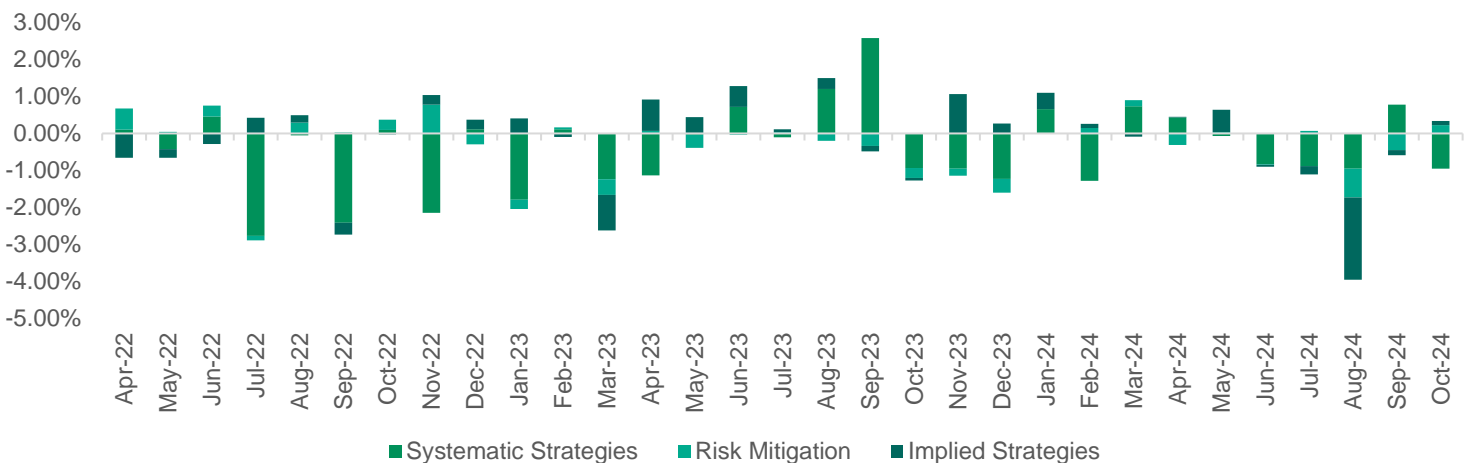
	Monthly Contribution	YtD Contribution	1-year Contribution
Commodities	0.09%	-1.72%	-1.46%
Equities	0.12%	-0.53%	-0.64%
Rates	-0.95%	-3.00%	-4.76%
FX	0.15%	0.57%	0.20%
Credit	-0.02%	-0.07%	0.43%



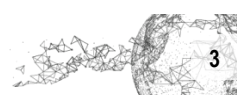
PERFORMANCE ATTRIBUTION (BY INVESTMENT STYLE)

	Monthly Contribution	YtD Contribution	1-year Contribution	Annualised Volatility*
Systematic Strategies	-0.95%	-2.41%	-4.55%	4.24%
Risk Mitigation	0.22%	-1.25%	-1.60%	1.45%
Implied Strategies	0.12%	-1.10%	-0.08%	2.13%

*Annualised volatility since 20/04/2022



Source: Bloomberg, BNP Paribas as of 31/10/2024. Past performance is not an indicator of future performance.



KEY TAKEAWAYS



DIVERSIFICATION

- Combining more than 25 QIS strategies with different rationales in a single vehicle
- Multiple drivers of diversification and decorrelation: Instruments, risk-return profiles, asset classes and trade horizons



BEST ACCESS

- Efficient, cost-effective access to quality QIS from BNP Paribas
- Rapid time to market for new strategies



PARTNERSHIP OF EXPERTS

- **LFIS Capital's** blend of investment banking and quantitative asset management DNA to evaluate, select and combine liquid alpha strategies
- **BNP Paribas Asset Management** robust portfolio and risk management infrastructure

CONTACTS

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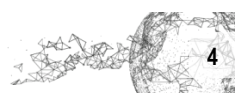
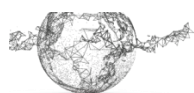
FUND CHARACTERISTICS AND RISKS

THEAM Quant – LFIS Selection			
Management company	BNP Paribas Asset Management France		
Type of fund	Sub-fund of the THEAM Quant UCITS Compliant SICAV		
Recommended investment horizon	4 years		
SRI Risk Classification (scale of 1-7) ³	2		
Share ⁴	Share I Perf (EUR) DIS	Share J Perf (USD) ACC - RH	Share I Perf (EUR) ACC
Launch date	10 June 2023	10 June 2023	7 August 2015
Bloomberg Code	THQAIPD LX Equity	THQAJPU LX Equity	THQABAI LX Equity
ISIN Code	LU1179462749	LU2346218071	LU1120439341
On-going Charges	0.85%	0.85%	0.85%
Performance Fees	10%		
Subscription/ Exit fees	0.00%		
SFDR Article ⁵	6		
International registration	France, Germany, Italy (light registered), Switzerland, UK		

3 - 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.

4 - For all shares available, please refer to the prospectus [here](#).

5 - 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.

Market Volatility Risk: Market volatility reflects the degree of instability and expected instability of the securities or other eligible assets in which a Sub-fund invests, the performance of the Shares, or the techniques used to link the net proceeds of any issue of Shares to OTC Derivatives underlying asset(s), where applicable. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivatives markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro-economic factors and speculation.

Use of financial derivatives instruments: While the prudent use of financial derivative instruments can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments.

Conflict of Interests: Investors should note that connected parties of the BNP Paribas group of companies (the BNP Paribas Group) may act, inter alia and not excluding, as Management Company, counterparty of OTC Derivatives, administrator of index, provider of systematic strategy and Depositary. As a result, not only will investors be exposed to the credit risk of the BNP Paribas Group but also operational risks arising from any potential lack of independence of the Management Company. The operational risks arising from any such potential lack of independence are in part reduced by the fact that different legal entities or different divisions of a single legal entity within the BNP Paribas Group will be responsible for implementing for instance the management of the Sub-fund risk and the safekeeping of the Sub-fund's assets. Each such legal entity or division is run as a separate operational unit, segregated by information barriers (commonly called Chinese Walls) and run by different management teams. In addition, the Depositary and the Management Company have undertaken to act independently of each other in their dealings with the Sub-fund. Whilst compliance procedures require effective segregation of duties and responsibilities between the relevant legal entities or divisions of a single legal entity within the BNP Paribas Group, the possibility of conflicts of interest arising cannot be wholly eliminated. The Management Company may enter into OTC Derivative or EPM Techniques with counterparties affiliated to the BNP Paribas Group. In this case, there is a potential conflict of interests between the interests of the Shareholders and the interests of the group to which the Management Company belongs. An ongoing efficient management policy of conflicts of interests shall ensure the respect of the primacy of Shareholders' interests.

Commodity market risk: This risk is present in each Sub-fund having synthetic or indirect exposure to commodities in its investment universe. Commodity markets may experience significant, sudden price variations that have a direct effect on the valuation of shares and securities that equate to the shares in which a sub-fund may invest and/or indices that a sub-fund may be exposed to. Moreover, the underlying assets may evolve in a markedly different way from traditional securities markets (equity markets, bond markets, etc.).

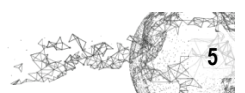
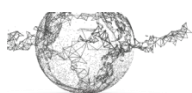
Interest rate risk: Investors in the Shares should be aware that an investment in the Shares may involve interest rate risk and that there may be fluctuations in the currency of denomination of securities or other eligible assets in which a Sub-fund invests the Shares. Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro-economic factors, speculation and central bank and government intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Shares. Fluctuations in interest rates of the currency in which the Shares are denominated and/or fluctuations in interest rates of the currency or currencies in which the securities or other eligible assets in which a Sub-fund invests are denominated may affect the value of the Shares.

Risk in transactions in currencies: In general, foreign exchange rates can be extremely volatile and difficult to predict. Foreign exchange rates may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and currency devaluations and revaluations. In addition, governments from time to time intervene, directly and by regulation, in the currency markets to influence prices directly. Variance in the degree of volatility of the market from the Management Company, the Investment Manager and the Investment Adviser's expectations may produce significant losses to a Sub-fund, particularly in the case of transactions entered into pursuant to non-directional strategies.

Risks relating to the performance fee High Water Mark model: While using a performance fee model whereby the Performance Fee may only be charged on the basis of reaching a new High-Water Mark during a given Performance Period, it may happen that a Shareholder subscribing in the middle of a Performance Period bears a performance fee along with negative absolute performance, even if the used methodology doesn't allow to pay a performance fee in case of negative absolute performance during the whole given Performance Period.

The allocation model used by the Strategy, as well as the several quantitative strategies models, are based on certain criteria for yielding and risk calculation based on historical results. It is therefore possible that the models are not fully efficient, as past situations may not necessarily be reproduced in the future. The use of these models is consequently not a guarantee for future results of the Strategy.

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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