

## INVESTMENT PHILOSOPHY

- TOBAM's mission statement is to provide rational and professional solutions to long term investors in the context of efficient markets.
- Maximum Diversification® approach aims to collect the full risk premium of an asset class while delivering outperformance and reducing volatility.
- Quantitative investment process based on a unique principle: increasing diversification.
- Introduced and patented the mathematical definition of a portfolio's diversification : the Diversification Ratio®.
- Investment process has one objective - maximize the Diversification Ratio® of a portfolio given a set of constraints.

## INVESTMENT APPROACH

- Research indicates that using an issuer-weighted bond index as reference leads to heavy concentrations and biases, notably towards more indebted issuers.
- As these concentrations and biases change over time, the benchmark's risk allocation also evolves dynamically: its risk allocation is not neutral, but biased and dynamic. Moreover, these 'bets' are not consistently rewarded.
- Designed to collect the credit risk premium from as many independent and effective risk factors as possible.
- Relies on a patented quantitative portfolio management tool, the Diversification Ratio®, together with the expertise of the dedicated credit portfolio managers, based on a discretionary approach.

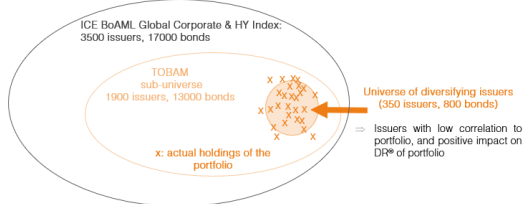
## STRATEGY CHARACTERISTICS

- Seeks to avoid risk concentration and provide steadier capital growth than market cap-weighted indices
- Long-only, no leverage, fully invested across both Global IG and HY markets
- The strategy matches benchmark average duration (+/-10%)
- Available via UCITS IV pooled funds with daily liquidity, segregated mandate and dedicated fund
- Using TOBAM's proprietary exclusion list

## INVESTMENT PROCESS

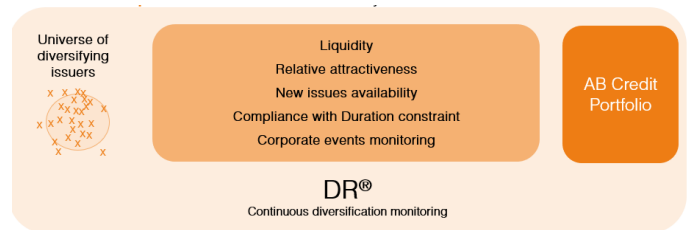
### Step 1: Identifying Diversifying Issuers

- Focus on listed issuers, to leverage on stock price correlations
- Identification of issuers lowly correlated to the portfolio: the universe of diversifying issuers
- Overall, portfolio managers focus on a universe quantitatively reduced 10-fold



### Step 2: Discretionary bonds selection

- Portfolio traded on a continuous basis
- Issues selection based on fundamentals, covenants, relative value and liquidity analysis
- DR® and portfolio constraints constantly monitored



The rigor of systematic and the field expertise of a discretionary approach

## WHY CHOOSE ANTI-BENCHMARK® CREDIT STRATEGY?

An approach that focuses on maximizing diversification within credit markets offers a unique process for:

- Managing default risks: best way to avoid getting caught in a default wave is to diversify risk
- Implementing a core exposure: lowering sensitivity to sectors and market factors as a starting point of tactical allocation
- Generating performance: greater diversification allows to collect the full risk premium of an asset class
- Accommodating ESG constraints: HY strategies 100% fossil-fuel free since October 2020 / 20% minimum carbon footprint reduction vs Benchmark across all Anti-Benchmark strategies

**An unconventional, innovative Fixed Income strategy**

- Agile investment boutique with prominent shareholders & clients
  - Streamlined, efficient and straight-through processing
  - Patented, unique & transparent investment process
  - Recognized pioneer in alternative beta strategies
  - Value-added research focus

## STRATEGY INFORMATION

Strategy	Anti-Benchmark Global Investment Grade	Anti-Benchmark Global High Yield
Launch Date	May 12, 2014	March 14, 2017
Benchmark	BofA ML Global Corporate Index	BofA ML Global TR High Yield Index
Investment Objective	The strategies aim to maintain a high degree of diversification when selecting securities and their weightings in the investment universe. The primary investment objective is to outperform the reference index and provide long term capital appreciation.	
Investment Horizon	5 year	5 year
Reference Currency	USD	USD, EUR
Valuation	Daily	Daily
Rebalancing Frequency	Ongoing	Ongoing

## ABOUT TOBAM

TOBAM is an asset management company offering innovative investment capabilities designed to increase diversification. Its mission is to provide rational and professional solutions to long term investors in the context of efficient markets.

The Maximum Diversification<sup>®</sup> approach, TOBAM's flagship investment process founded in 2006, is supported by original, patented research and a mathematical definition of diversification and provides clients with diversified core exposure, in both the equity and fixed income markets.

In line with its mission statement and commitment to diversification, TOBAM also launched a separate activity on cryptocurrencies in 2017.

**For more information, visit [www.tobam.fr](http://www.tobam.fr)**

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