TOBAM LBRTY® Strategy

Improve the risk-reward profile of your equity portfolio by minimizing its Direct, but also, and most importantly, indirect exposure to autocratic regimes.

THE TREND: AUTOCRACY IS RISING, EXPOSING INVESTORS TO NEGATIVELY REWARDED RISK

Democracy is under threat

- According to Freedom House, democracy has been receding globally for the last 18 years.
- The V-Dem institute finds that 35 years of democratic progress have been erased, bringing the world back to the democracy levels of 1986. Close to three quarters of the world's population now live in autocracies.

The rise of autocratic regimes is bad for business

- Academic research links democracy with improved economic performance.
- In the long-run, investors exposed directly AND INDIRECTLY to countries with oppressive regimes are over-exposed to the consequences of instability, social unrest, corruption and war.

Investors can stay ahead of the trend

- By strongly reducing their portfolio's exposure to authoritarian regimes, investors can improve its risk-reward profile.
- TOBAM has developed a unique expertise in quantitative research, systematic equity, human rights and democracy.

THE FIX: A DEMOCRACY-FOCUSED PORTFOLIO THAT MITIGATES THE AUTOCRATIC RISK FACTOR

TOBAM's original and extensive research on portfolios' exposure to authoritarian regimes reaches four main conclusions:

01. There is an Autocracy risk driver.

02. The Autocracy risk driver is negatively rewarded over time.

03. Most of the exposure to the Autocracy risk is indirect (no need to own Russsian stocks to be exposed to Russia).

04. The Autocracy driver is independent from other risk drivers!!

Based on TOBAM's proprietary methodology, the LBRTY® strategy will:

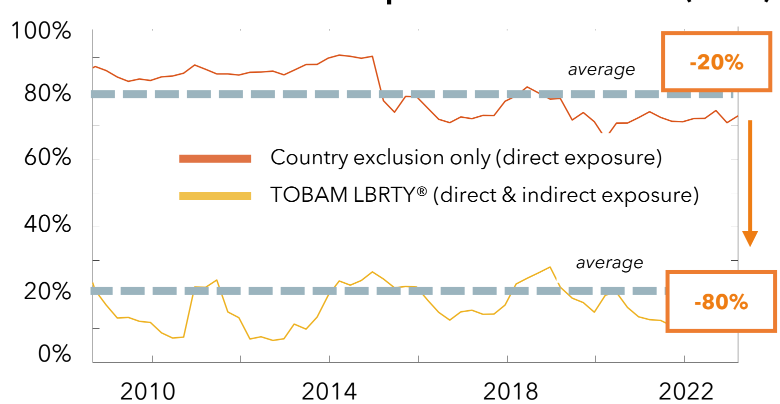
- Exclude non-democratic countries based on factors including civil liberty, inclusiveness, rule of law and corruption
- Construct portfolios drastically lowering the exposure to stocks with significant economic ties to non-democratic countries.

Minimizing exposure to autocratic regimes can lead to superior returns vs. market cap-weighted indices.

WHY LBRTY® ? BECAUSE INDIRECT EXPOSURE TO AUTOCRATIC REGIMES MATTERS

1. Direct exposure: simply **excluding autocratic countries** reduces authoritarian exposure by only ~20% on average
2. Indirect exposure: most of the exposure to autocratic regimes is **indirect**, through companies listed in democratic countries but exposed to autocracies
3. TOBAM LBRTY® takes into account direct & indirect exposure. It reduces Authoritarian Exposure by ~80% on average

Relative Authoritarian Exposure Vs. Parent Index (ACWI)



Source: TOBAM, as of dec 23.

WHY TOBAM?

- Agile investment boutique firm with >15 years of experience in asset management
- Part of CalPERS' emerging manager program (2011– 2021)
- Streamlined, efficient and straight-through processing
- Unique & transparent investment process
- Value-added research focus
- Long-time commitment to philanthropy and human rights

ABOUT TOBAM

TOBAM is an asset management company offering innovative capabilities designed to maximize the benefits of scientific research to build efficient investment exposures. TOBAM's Maximum Diversification®, TOBAMSolutions®, crypTOBAM® and TOBAM LBRTY® illustrate TOBAM's systematic "out of box" dedication to demanding investors.

TOBAM manages north of USD 5 billion (as of 30 December 2023). Its team includes 40 finance professionals based in Paris, New York and Dublin.

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