

## KEY FEATURES

- Designed for investors seeking maximum diversification with a moderate relative risk profile and optimal Sharpe Ratio
- More fully capture 'true' market risk premia with a constrained active share (maximum 50%)
- Mitigates the concentration risk embedded in cap-weighted indices
- Excess return potential with moderate tracking error

## METHODOLOGY

Based on the Maximum Diversification<sup>®</sup> approach constrained to fit the requirements of replication, the goal of TOBAM's MaxDiv<sup>®</sup> strategy is to build a portfolio which maximizes the number of independent and effective risk drivers to which it is exposed in order to:

- Create a balanced risk allocation to the effective independent sources of risk
- Achieve some volatility reduction versus reference universe
- Improve the Sharpe Ratio
- Deliver all of the above in a long-only framework, without leverage

Based on original research from TOBAM, the MaxDiv<sup>®</sup> range of indices helps investors to avoid portfolio concentration and avoid explicit and implicit biases in terms of sector, style, market cap and other statistical measures.

Constituents are weighted so that each effective risk factor contributes in a balanced manner to the risk of the portfolio, as opposed to a market capitalization weighted basis.

The indices are reviewed quarterly in March, June, September and December.

## CHARACTERISTICS

<b>Objective</b>	Generate excess returns within a well-diversified portfolio
<b>Diversification</b>	High
<b>Absolute Risk/Return</b>	Moderate risk Beta <1, unleveraged
<b>Relative Risk/Return</b>	Moderate tracking error Moderate Information Ratio
<b>ESG</b>	Paris Aligned strategies Excluding companies with unacceptable ESG practices Active Ownership

## ADVANTAGES

- Greater diversification allows for better equity risk premium collection when compared to the reference universe
- Greater return potential than a market cap-weighted index over a market cycle
- Significant volatility reduction versus market cap-weighted benchmarks
- An equilibrium portfolio without biases by construction, complementary to other portfolio allocations

## KEY METRICS

<b>Diversification</b>	Maximum, given active share constraint	<b>Sharpe Ratio</b>	High
<b>Tracking Error</b>	4 - 6%	<b>Information Ratio</b>	Moderate
<b>Volatility Reduction vs. Benchmark</b>	~ 15%	<b>Downside Participation</b>	75 - 95%
<b>Excess Return vs. Benchmark</b>	150 - 250bps	<b>Upside Participation</b>	85 - 105%

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

## MAXIMUM DIVERSIFICATION®

One core investment philosophy, client aligned implementation

Invented and patented by TOBAM, the Maximum Diversification® investment process has one objective: to maximize the Diversification Ratio® of a portfolio given a set of constraints.

Capitalization weighted benchmarks are an imperfect means of capturing market risk premium. They expose investors to high time variation and often extreme idiosyncratic, sector or style specific risks. We believe that it is only by maximizing diversification, that investors can achieve a result closer to the true market risk premium available from an investment universe.

TOBAM's Maximum Diversification® methodology aims at:

- Providing superior diversification
- Enhancing performance and lowering risk compared to traditional benchmarks over a market cycle
- Collecting the full risk premium of an asset class
- Delivering a diversified and diversifying strategy

ISIN	Ticker	Name	Base Date	Inception Date
DE000SLA2S19	MDAWDTU	TOBAM Maximum Diversification All World Developed	31/10/2002	17/11/2011
DE000SLA2S27	MDWXNATU	TOBAM Maximum Diversification All World Developed ex North America	31/10/2001	17/11/2011
DE000SLA2S43	MDPXJDTU	TOBAM Maximum Diversification Developed Asia Pacific ex Japan	31/10/2002	17/11/2011
DE000SLA2R93	MDEUDTE	TOBAM Maximum Diversification Developed Europe	31/10/2002	17/11/2011
DE000SLA2SZ8	MDJNTJ	TOBAM Maximum Diversification Japan	31/10/2002	17/11/2011
DE000SLA2S01	MDUKTG	TOBAM Maximum Diversification UK	31/10/2002	17/11/2011
DE000SLA2R77	MDUSATU	TOBAM Maximum Diversification USA	05/06/2000	17/11/2011
DE000SLA2S50	MDNATU	TOBAM Maximum Diversification North America	31/10/2002	13/05/2013
DE000SLA2SB9	MDCATC	TOBAM Maximum Diversification Canada	31/10/2002	18/09/2015
DE000SLA2S35	MDEMTU	TOBAM Maximum Diversification Emerging	31/10/2002	18/12/2015
DE000SLA3JY8	MDAWTU	TOBAM Maximum Diversification All World	31/10/2002	17/03/2017

## 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® 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, within equity, fixed income and multi asset markets.

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

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