

## **Opalesque Exclusive: TOBAM launches US credit strategy**

Bailey McCann, Opalesque New York:

Paris-based TOBAM, a pioneer in smart-beta strategies, has opened its US credit strategy vehicle to US investors - surpassing some \$300 million in AUM in six months. The inflows into the fund have come from a range of institutional and retail investors - mainly from North America and Europe.

Corporate bond benchmark indices are traditionally weighted according to the volume of debt issued, leading to heavy concentrations and biases, namely towards a limited number of sources of risks. By contrast, TOBAM's patented Maximum Diversification approach, applied by the Anti-Benchmark US Credit Strategy, aims to deliver the credit risk premium to investors through a portfolio of diversified issues, providing a more efficient core exposure to credit.

TOBAM's research team worked on designing the strategy's implementation in order to effectively apply the firm's patented Anti-Benchmark approach, taking into consideration the specificities of the corporate debt market. The strategy has established a successful track record since its launch in 2014, outperforming the Merrill Lynch US Corporate Index by more than 120 basis points on average per annum as of May 2016.

"We did a lot of research on the portability of our strategy to other asset classes and we have started with the most liquid and deepest market which is the US corporate market," explains TOBAM founder and president Yves Choueifat, in an interview with Opalesque. Once the fund reaches critical mass, TOBAM plans to consider other geographies for a similar credit strategy, he adds.

The strategy is currently available in a UCITS IV daily dealing Luxembourg SICAV format with institutional, retail and clean-fee share classes. "With the demand currently, we expect to double the AUM of the fund by the end of the year," Choueifat says.

TOBAM's maximum diversification approach isn't tied to a specific benchmark and promises to deliver zero alpha. Instead the firm is focused on providing the best beta to a portfolio. TOBAM's products like the one launched today build on the maximum diversification strategy.

[http://www.opalesque.com/660258/TOBAM\\_launches\\_US\\_credit\\_strategy025.html](http://www.opalesque.com/660258/TOBAM_launches_US_credit_strategy025.html)