

DIVERSIFICATION DASHBOARD

July 2016

Diversification Ratios®

TOBAM's Diversification Ratio® (DR) measures to what extent a portfolio is diversified. The DR ² (square of the diversification ratio) measures the number of effective degrees of freedom to which a portfolio is exposed. As the table shows, the "broad market" indices leave diversification on the table. In addition to a snapshot of each market's DR ² , the table shows the DR ² of a well-diversified portfolio, and the fraction of available diversification used by the index.	Universes	DR ² Index diversification	DR ² Maximum diversification®	% diversification used by index
	All Countries World	3.68	11.05	33.3%
World	3.45	10.12	34.1%	
Canada	3.50	8.54	41.0%	
Emerging Markets	3.49	7.05	49.5%	
US Equity	2.47	6.07	40.7%	
Pacific Ex-Japan	2.04	4.63	44.1%	
UK Equity	2.16	3.30	65.4%	
EMU	1.71	3.11	54.9%	
Japan	1.71	2.87	59.5%	
US Credit	2.72	3.75	72.7%	

Source: TOBAM, figures as of June 30, 2016

Summer Riddles



TOBAM celebrates this year its 10th anniversary and for the occasion has edited a jubilee book, to be released in September 2016. We see this book as a unique opportunity to share with our clients and friends TOBAM's DNA and our 10-year journey.

We have intentionally edited the 10-year book as an Out of the Box object and we propose to share in this summer dashboard, one feature of the book: the page numbers' riddles.

Page numbers in the Book run from 1 to 168 and we have extracted 15 of them for your amusement this summer:

Example: This jersey number has been retired by the San Antonio Spurs NBA Team in honor of David Robinson? The answer is 50.

Submit your best guesses at book@tobam.fr and the best scores will be rewarded with an “out of the box” gift:

- Platinum
- First missing hour in a day
- French Blood
- Left-hand column bottom up
- Number of employees at TOBAM as at 31/12/2015
- 100 more steps than Hitchcock's
- ZX
- First prime number sum of three consecutive prime numbers
- The Power Of Love
- Don't Leave Me This Way
- Pump Up The Volume
- Card ({Doc, Grumpy, Happy, Sleepy, Bashful, Sneezy, Dopey})
- Number of countries in the EU as at 31/12/2015
- (Septante six + soixante seize) / 2
- Number of parts in a hair after a tetrapyloctomy is performed

If you wish to receive a copy of TOBAM's 10-year book, please order your free copy at: book@tobam.fr and it will be shipped to the address you provide.



For more information

TOBAM is an asset management company offering innovative investment capabilities whose aim is to maximize diversification. TOBAM's Maximum Diversification® approach, supported by original, patented research and a mathematical definition of diversification, provides clients with diversified core exposure, in both the equity and fixed income markets. The company manages \$8 billion (as of June 2016) via its Anti-Benchmark® strategies in Equities and Fixed Income. Its team includes 42 investment professionals.

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