

Client: TOBAM
Source: FTSE Global Markets
Date: 21st March 2017



<http://www.ftseglobalmarkets.com/news/tobam-launches-strategy-to-respond-to-smarter-fixed-income-solutions-demand.html>

TOBAM launches strategy to respond to smarter fixed income solutions demand

Tuesday, 21 March 2017

French asset manager TOBAM, the founder of the Maximum Diversification approach, today announced the launch of its Anti-Benchmark Global High Yield Strategy, which is says offers a new solution to investors looking to invest in the space while optimising the management of concentrations of risks, as well as default risks.

Raphaël Thuin, head of fixed income, explains, "The high yield market is a very favourable area for a diversified approach to investing. The market's staggering concentration toward commodity names, currently exceeding 20% in market value, is putting the entire asset class at risk. The sector had a stellar 2016, and could be subject to wild swings going forward. Also, the management of default risk, a key aspect of investing in High Yield, is enhanced by our anti-benchmark strategy and its rigorous approach to risk concentrations assessment."

As defaults typically occur by waves and often within a specific sector, adopting a diversified approach helps mitigate the risk of being overly exposed to default risk, a key to sound investing in high yield, he adds. TOBAM he says has already successfully applied its flagship anti-benchmark strategy to bonds, with the launch of their US credit strategy in 2014, which surpassed \$300m assets under management in less than one year.

TOBAM is now looking to leverage its existing offering's success to develop further capabilities in the fixed income space. The high yield strategy launch comes with the addition of two new members to the fixed income team, the latter currently being supported by some 15 researchers in the day to day management of the company's fixed income funds. The strategy has already secured \$100m of capital seeding from a large public pension fund, as well as an initial inflow from a UK-based wealth manager, already invested in TOBAM's Anti-Benchmark US Credit strategy.

Yves Choueifat, Founder and CEO, said: "Investors in fixed income markets are now realising that buying issuer-weighted indices or strategies tracking them carries heavy biases. The Anti-Benchmark approach makes particular sense in the high yield corporate credit market as it allocates across risk factors and expands – meaningfully - the amount of diversification captured compared to passive approaches. We are observing an increasing demand for alternative beta solutions in Fixed Income from a wide range of investors, and our ambition is to continue to grow our Fixed Income capabilities to answer those needs".