

TOBAM launches high yield smart-beta strategy

Applying the firm's Anti-Benchmark strategy



Tom Eckett 21 MARCH 2017

Smart-beta specialist TOBAM has expanded its fixed income range with the launch of the Anti-Benchmark Global High Yield strategy.

The strategy will apply TOBAM's flagship Anti-Benchmark approach, which aims to achieve maximum diversification, to the global high yield market.

The firm said adopting a diversified approach will help investors avoid being overly exposed to default risk within high yield, especially in the commodity space.

TOBAM CEO: There is a bubble brewing in US low volatility stocks

Raphaël Thuin, head of fixed income at TOBAM, said: "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."

The strategy has a management fee of 0.55% and is available in the UK through a Luxembourg-domiciled SICAV fund.

TOBAM has already previously applied its flagship approach to the fixed income space, having launched the US Credit strategy in 2014.

The new fund has already secured \$100m in seed capital from a large pension fund and an initial inflows from a UK-based wealth manager, the group said.

Along with the launch of the strategy, the firm has also expanded its fixed income team with two new hires.

Amundi doubles stake in TOBAM to 20%

Yves Choueifaty, 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."

A photograph of an astronaut in a white spacesuit floating in space, with the Earth's blue and white clouds visible in the background. A red YouTube play button icon is overlaid on the image.

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