

Tobam launches anti-benchmark high yield fund

By: Adrien Paredes-Vanheule | 20 Mar 2017



Paris-headquartered investment firm Tobam has strengthened its anti-benchmark fixed income offering with the launch of the Anti-Benchmark Global High Yield Credit strategy.

The fund aims to apply Tobam's anti-benchmark approach, relying on maximum diversification, to the global high yield market.

Tobam argues that 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.

The strategy has already secured \$100m of capital seeding from public pension funds and a UK-based wealth manager.

With the launch of the global high yield fund, the French boutique has added two members to its fixed income team which is supported by some 15 researchers.

Raphaël Thuin, head of Fixed Income, 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. 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.”

Tobam’s founder and CEO Yves Choueifaty, added: “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”.

As of end December 2016, Tobam managed \$8bn in assets.

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