

TOBAM is a \$10bn institutional manager with a systematic patented investment approach. It is also a pioneer in crypto-currency investing with the launch in 2017 of the first open-ended fund invested in Bitcoin.

## WHAT IS DEFI?

### Key definitions:

- Based on the transparent and decentralized blockchain technology, Decentralized Finance ("DeFi") is creating a new peer to peer financial system, (the internet of value), in which everybody could be a lender or borrower via smart contracts.
- Smart contracts are computer program capable of replicating the clauses of a contract. The contract once written is then stored on the blockchain and can not be modified or deleted.

### Opportunity:

Total Value Locked ("TVL") in DeFi is now in excess of \$150bn and growing\*, It mainly comes from 2 activities:

- Lending (i.e. deposit cryptocurrencies into lending pools for access by borrowers)
- Liquidity providing to Decentralized Exchanges

## HOW TO GET EXPOSURE TO THE POTENTIAL OF DEFI?

### Goal:

The objective of the strategy is to generate yield in the DeFi landscape via a market neutral strategy with no duration risk.\*\*

### How:

- Only stablecoins (USD pegged crypto-assets) to limit the directional risk
- Lending on decentralized protocols
- Providing liquidity to decentralized Automated Market Makers (AMM) pools

Diversification is key and is achieved in three different dimensions (illustration as of Jan 22):

### Stablecoins



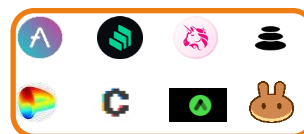
USDT, USDC, BUSD, DAI, UST

### Blockchains



Avalanche, Ethereum, Binance, Terra, Polygon

### Protocols



AAVE, Compound, Uniswap, Balancer, Curve, Convex, Balancer, Anchor, Pancakeswap

## WHY THE CRYPTOBAM DEFI YIELD STRATEGY?



Provides exposure to a new investment field with untapped potential



No directional exposure to the crypto market (market neutral)



Provides a new source of diversification to a traditional investor



Benefit from TOBAM's proven security systems and diversification process



Benefit from TOBAM's expertise in crypto-currencies.

\* Source: theblockcrypto.com as of 31/12/2021

\*\* Please refer to the list of risk p2

- More than 15 years of experience in asset management and approx. \$10 billion AUM
  - Dedicated research on cryptocurrencies since 2017
- TOBAM's cryptocurrency activity approved by the French Regulator
  - Highest standards of cybersecurity systems
- Streamlined, efficient and straight-through processing
  - Value-added research focus

## RISKS

- Risk of capital loss: the strategy does not benefit from any guarantee or capital protection. There is a risk that investors will not get back the full amount of the capital originally invested.
- Stablecoin Risks: Stablecoin sponsors may be unregulated. Investors should note that crypto yields are not bond yields. Stablecoins may be "runnable" if the reserve assets backing the stablecoin mismatch the stablecoin liabilities.
- Collateral Risk: the collateral posted by the borrowers can be subject to very high volatility or drastic price drops that might lead to losses for the lending strategies of the strategy once price drops are excessive such that the collateral cannot be exchanged anymore into stable coins without taking big losses.
- Systemic Risk: the failure of one stablecoin can have wider consequences and may trigger the full loss of capital staked in a liquidity pool with several coins. Moreover, given a high amount of leverage and built-in interconnectedness and lack of shock-absorbing capacities there is an increased risk of wider stablecoin runs once one coin fails. Similarly, the failure of a bridge might have wider consequences for the value of the wrapped tokens that might propagate further to native tokens.
- Technological Risks: due to particular factors such as platform or bridge disruptions, malfunctioning of the algorithmic code of stable coins or changing regulation, the strategy presents a greater degree of risk than that generally associated with investments on the major financial markets or assets.
- Cybersecurity Risk: cryptocurrencies, platforms, bridges etc. can be subject to cyber attacks and risks of hacking. The strategy, by investing essentially in crypto, might also be subject to such attacks.
- Liquidity Risk: the strategy involves investing in assets (i.e. Crypto) whose liquidity may decline sharply. In these conditions, it is possible that positions cannot be easily unwind and investors' redemptions might be refused.

## ABOUT TOBAM

TOBAM is an asset management company offering innovative investment capabilities designed to increase diversification. Its mission is to provide rational and professional solutions to long term investors in the context of efficient markets.

In line with its mission statement and commitment to diversification, TOBAM also launched a separate activity on cryptocurrencies in 2017.

For more information, visit [www.tobam.fr](http://www.tobam.fr)

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The constraints and fees applicable to an actual portfolio would affect the results achieved. The value and the income produced by a strategy may be adversely affected by exchange rates, interest rates, or other factors. This material, including backtests, is based on sources that TOBAM considers to be reliable as of the date shown, but TOBAM does not warrant the completeness or accuracy of any data, information, opinions or results.

TOBAM's quantitative investment process is supported by extensive proprietary computer code. TOBAM's researchers, software developers, and IT teams follow a structured design, development, testing, change control, and review processes during the development of its systems and the implementation within our investment process. These controls and their effectiveness are subject to regular internal reviews. However, despite these extensive controls it is possible that errors may occur in coding and within the investment process, as is the case with any complex software or data-driven model, and no guarantee or warranty can be provided that any quantitative investment model is completely free of errors. Any such errors could have a negative impact on investment results. We have in place control systems and processes which are intended to identify in a timely manner any such errors which would have a material impact on the investment process.