

## PRESS RELEASE

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### **TOBAM launches LBRTY®, a civil and democratic rights focused strategy**

- Risks associated with authoritarian regimes should be factored in portfolio construction.
- Studies show investment in autocracies delivers much lower investment returns.
- Most exposure to autocracies is indirect, through companies listed in democratic countries but exposed to the downside of autocracies.
- The new strategy, LBRTY®, is available to investors:
  - via three SFDR Article 9 strategies.
  - and via three live indices: they illustrate the potential benefits of the approach over the last 15 years.

*Paris – 12 September 2023* – TOBAM, the systematic asset manager and developer of the patented Maximum Diversification® methodology and issuer of the first open-ended fund invested in Bitcoin in the world, is launching LBRTY®, its Civil and Democratic Rights Equity Strategy, an approach to equity investing that seeks to strongly mitigate the exposure to countries governed by autocratic regimes.

Geopolitical tensions and uncertainty fostered by autocracies have increasingly impacted financial markets in recent years, compounding investment risk. The Russian invasion of Ukraine is a case in point, highlighting the risks of investing in countries or companies with exposure to autocratic regimes, where civil rights are consistently infringed. According to Yale University, more than 1000 companies listed outside of Russia had to close their business operations in Russia, resulting in more than US\$250 billion in losses. Even in the absence of acute crisis, autocracies are much less efficient in economic terms. TOBAM believes that these risks, which have often been neglected in investment decisions in the past, should now be central in portfolio construction: ignoring them can prove very costly.

TOBAM has been active in the field of Human Rights since 2009, promoting democracy and civil liberties mostly through philanthropy and research.

The new LBRTY® strategy leverages TOBAM's long-standing quantitative expertise to systematically assess risks, in particular those associated with a lack of civil liberties and democratic rights, to build equity portfolios that substantially mitigate the exposure to autocratic regimes and the potential risks related to them for investors.

TOBAM's original and extensive research on portfolios' exposure to authoritarian regimes reaches four main conclusions:

1. There is a tyranny risk driver.
2. The tyranny risk driver is negatively rewarded over time.
3. Most of a portfolio's exposure to the tyranny risk driver is indirect.
4. The tyranny driver is independent from other risk drivers.

Based on TOBAM's proprietary methodology, the LBRTY® strategy will:

- Exclude non-democratic countries based on factors including civil liberty, inclusiveness, rule of law and corruption...
- Construct portfolios drastically lowering the exposure to stocks with significant economic ties to non-democratic countries.

The new LBRTY® strategy is available via three strategies, a global, a global ex-US and an emerging markets strategy.

All 3 strategies are Article 9 SFDR compliant.

The strategy is also available via three live indices. The indices are published with a start date as of September 2008, illustrating the potential benefits of the approach over the last 15 years. The current index range includes the same three universes (tickers below).

This new investment approach reflects TOBAM's innovative spirit. TOBAM previously patented the Maximum Diversification® approach, has been a smart beta pioneer since 2005, and launched the world's first bitcoin invested open-ended fund. The LBRTY strategy will form the third pillar of TOBAM's core investment capabilities, which include:

- The patented *Maximum Diversification*® methodology and the range of indices and Anti-benchmark strategies;
- The research-based, *Solutions* division, dedicated to building customized solutions and services to sophisticated institutional investors.,
- The *LBRTY*® strategy focused on Civil and Democratic Rights.

In parallel to these focuses, TOBAM continues to explore opportunities and leverage its expertise in cryptocurrency markets.

**Yves Choueifaty, President and Chief Investment Officer, TOBAM, said:**

"This new strategy is the logical extension of TOBAM's dedication to liberty and diversity, together with its high-tech ability to measure exposures and build portfolios.

We are convinced that protecting human rights and democracy is one of the two keys to economic growth and innovation alongside diversification. Our only motivation is risk-reward and financial performance. Investing in democracy and civil liberties is financially beneficial for long-term investors, providing attractive risk-reward and financial performance."

**Christophe Roehri, Deputy CEO, TOBAM, said:**

"The LBRTY strategy offers a ground-breaking solution to the investment risks attached to authoritarian regimes exposure. It provides a two-pronged approach: a top-down country view combined with a bottom-up corporate view, measuring exposure to autocratic regimes. Given the interdependence of global supply and distribution channels, it is essential to include both approaches in the investment process.

Research shows that greater freedom leads to improved economic conditions, which has a positive effect on local stock markets. Countries with autocratic regimes underperform in the end, both in terms of economic and investment performance."

## About TOBAM

TOBAM is an asset management company offering innovative capabilities designed to maximize the benefits of scientific research to build efficient investment exposures. TOBAM's Maximum Diversification®, TOBAMSolutions®, crypTOBAM® and TOBAM LBRTY® illustrate TOBAM's systematic "out of box" dedication to demanding investors.

TOBAM manages north of USD 6 billion (as of 30 December 2022). Its team includes 44 finance professionals based in Paris, New York and Dublin.

For more information, please visit [www.tobam.fr](http://www.tobam.fr) or contact us at [info@tobam.fr](mailto:info@tobam.fr).

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LBRTY® Index Tickers:

	<b>TOBAM LBRTY® All World Equity Index</b>	<b>TOBAM LBRTY® All World ex USA Index</b>	<b>TOBAM LBRTY® Emerging Markets Equity Index</b>
<b>Gross Total Return index</b>	LBRTYT	LBRTXUT	LBRTMET
<b>Net Total Return index</b>	LBRTYN	LBRTXUN	LBRTMNN

## Specific Risks

This document is a marketing communication. Legal documents including prospectus, key investor documents in local languages and SFDR sustainability disclosures are available at <https://www.tobam.fr/lbrty-equity-strategies>. The Compartment will be invested primarily in financial instruments selected by the Management Company. The value of your investment will vary and your initial investment amount is not guaranteed.

### 1) Equity risk

If the equities or indices to which the portfolio is exposed decline, the Compartment's net asset value will fall.

In the small- and mid-cap markets, the trading volume of listed shares is limited, and so market movements tend to be larger on the downside and also more rapid than for large-cap stocks. The Compartment's net asset value may thus decline more rapidly and more strongly.

Investors' attention is drawn to the fact that small-cap markets are intended to host businesses that, owing to their specific characteristics, may carry risks for investors.

### 2) Risk associated with the Management Company's investment process

Investors' attention is drawn to the fact that the portfolio is constructed and its assets selected and weighted using processes developed by the Management Company. The Compartment's investment process is based on a systematic model designed to identify signals based on past statistical results.

There is a risk that the model may not be efficient, since there is no guarantee that past market situations will repeat themselves in the future. The aim of the processes developed by TOBAM is to achieve healthy diversification of the Compartment's portfolio, and so use of these processes may lead the Management Company to not select the top-performing assets.

### 3) Risk associated with the emerging market equities

The equities of emerging countries provide a more limited liquidity than equities of developed countries. Consequently, the possession of these securities may increase the level of portfolio risk. The movements of market decline may be greater and faster than in developed countries, the net asset value may decline more sharply and quickly.

### 4) Risk associated with the use of financial futures

The Compartment may use some financial futures for up to one times its assets. The Compartment may thus be exposed for up to 110% of its assets to the market, assets, index and economic and/or financial instrument or parameter, which can imply a risk of reduction in the net asset value of the Compartment that might be more significant and quicker than the one observed on the markets where the Compartment is invested.

5) Currency risk

Currency risk is the risk of depreciation in the currencies in which the Compartment invests relative to the reference currency. This currency risk will be managed according to market opportunities and may thus account for a significant proportion of the risk. In the event of depreciation in foreign currencies, investors are thus exposed to a decline in the value of their units.

6) Counterparty risk

The Compartment may incur a loss in the event of default by a counterparty with which certain transactions were conducted, leading to a decline in the Compartment's net asset value.

7) Interest rate risk

This is the risk of depreciation in fixed-income instruments deriving from interest-rate fluctuations. Should interest rates rise, the Compartment's net asset value may decline. The Compartment's exposure to fixed-income products is secondary.

8) Credit risk

This is the risk of depreciation in shares issued by a private-sector issuer or default by the latter. The value of the debt securities in which the Compartment is invested may decline, leading to a fall in net asset value.