

*Mitigate your equity portfolio exposure to the autocratic regimes risk driver to improve its risk-reward*

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.

## THE RATIONALE FOR MITIGATING AUTHORITARIAN EXPOSURE

### The idea:

- The essence and the origins of so many of humanity's preeminent issues largely resides in the disrespect of Human Rights.
- In the long-run, investors in countries with oppressive regimes are over-exposed to the consequences of instability, social unrest, corruption and war.
- Managing an equity portfolio's exposure to authoritarian countries can contribute to increase its risk-reward profile.

### TOBAM's journey into Human Rights:

- TOBAM has long been convinced that supporting Human Rights fully aligns with the long term financial and economic interest of our clients.
- TOBAM decided **to build up a donation program** as early as 2009 to fund targeted NGOs, whose core mission is to defend human rights worldwide (Amnesty International, Human Rights Watch, Reporters Without Borders).
- This journey has made it possible to develop privileged relationships that we leverage to develop the strategy.

## HOW TO BUILD A PORTFOLIO BASED ON CIVIL AND DEMOCRATIC RIGHTS?

### The solution:

TOBAM's portfolio aims to invest in democratic countries and penalizes companies with close financial ties to countries classified as non-democratic, while controlling the Tracking Error.

### The process:

01. Use metrics based on civil liberty / inclusiveness / rule of law and fight against corruption to exclude countries lacking basic civil liberties and democratic rights.
02. Penalize stocks with significant economic ties to non-eligible countries, while rewarding stocks with low exposure to authoritarian regimes.
03. Find the portfolio minimising global authoritarian exposure under Tracking Error constraint, while applying also all other TOBAM ESG policies (exclusion lists, CO2 footprint reduction, ESG footprint alignment).

## WHY CHOOSE TOBAM CIVIL LIBERTY AND DEMOCRATIC RIGHTS STRATEGY



**Low exposure** to authoritarian regimes



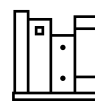
**Enhanced risk-adjusted performance** vs market cap-weighted benchmarks over a market cycle



Available for **World, World ex-US** and **EM** universes



Benefits from TOBAM's combined expertise in systematic equity and long **experience in Human Rights.**



Supported by **academic research**

- Agile investment boutique with >15 years of experience in asset management
  - Prominent shareholders & clients
- Streamlined, efficient and straight-through processing
- Patented, unique & transparent investment process
- Recognized pioneer in alternative beta strategies
  - Value-added research focus

## 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, Dublin, and Luxembourg.

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

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Investment involves risk, past performance is not indicative of future results, investors could lose all or some of their investment. All investors should seek the advice of their financial advisor prior to any investment decision in order to determine its suitability. Past performance and simulations based on backtests are not reliable indicators of future performance, forecast or prediction. Backtested data may reflect the application of the strategy methodology to historical data, and thus the strategies were constructed with the benefit of hindsight and has inherent limitations. TOBAM has continued and will continue its research efforts amending the investment process from time to time accordingly. TOBAM reserves the right of revision or change without notice, of the universe, data, models, strategy and opinions.

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.

### SUSTAINABILITY RISK

Sustainability Risks in relation to environmental, social and governance factors may have a positive or negative impact on the financial performance of this strategy. While sustainability indicators can have positive impact, however the sustainability risk for the purpose of integration is defined as the negative impact of those same factors. 'Sustainability risk' means an environmental, social or governance event that, if recorded, could cause an actual or a potential material negative performance on the value of this strategy.