

Outsmarting Smart Beta with Factor Investing

Factors are company characteristics that have been used for decades to successfully select stocks and construct portfolio strategies that tend to out-perform market capitalisation indices on a risk-adjusted basis over horizons of three or more years. These include measures of value, profitability, competence of management, risk and stock price trends of companies. Factor strategies select stocks from the cheapest, most profitable, better managed and least risky companies with the strongest market performance. Factor indices are the most transparent systematic approach to designing factor strategies. We present four factor index strategies and illustrate their impact on portfolio returns and risk.

BNP Paribas Easy

BNP Paribas Easy is BNP Paribas Asset Management' range of ETFs and index funds. It gives institutional and retail investors exposure to the main asset classes (equities, bonds and commodities) in the main geographical regions and allows them to diversify their portfolios with innovative themes such as real estate, sustainability and the environment. BNP Paribas Easy offers a diversified range of ETFs and index funds based on three capabilities: Core portfolio, Thematic, and Smart Beta. The BNP Paribas Easy line of funds is managed by MAQS (Multi Asset, Quantitative, Solutions), a department of BNP Paribas Asset Management. MAQS manages more than EUR 112 billion in assets (as of 31 December 2017). BNP Paribas Asset Management is rated "Highest Standards" by Fitch Ratings (as of December 2016) and offers a wide range of active, passive and quantitatively managed investment solutions across different asset classes and geographic regions.

Raul Leote de Carvalho



Raul Leote de Carvalho has 17 years of experience in the financial industry and has been deputy head of Quantitative Research at BNP Paribas Asset Management since 2014. This team is responsible for the development of quantitative strategies for investment teams managing equity, fixed income and asset allocation portfolios. Prior to that, he held the position of senior quantitative strategist from 2003 to 2007 in the global strategy team of BNP Paribas Asset Management in Paris. He joined BNP Paribas Asset Management in 1999 in London as a quantitative analyst, a position he held until 2002. He obtained a PhD in statistical physics from the University of Bristol in 1996, an MSc in condensed matter physics in 1992 and a BSc in chemistry in 1990 both from the University of Lisbon.

Contact details

Contact: Claus Hecher

Phone: +49 89 710 40 75 2

E-Mail: claus.hecher@bnpparibas.com

Website: www.easy.bnpparibas.ch