



It's All About Asset Allocation

June 2024, Newsletter#95

I am pleased to announce that fLAB FUNDS turns 15 this June and to celebrate, we are launching a **new 100% equity fund, fLAB Equity**, to accompany our 2 historical funds, fLAB Core and fLAB Satellite.

fLAB Equity will be an Art.8 UCITS equity fund: **a dynamic multi-factor, sector-neutral, world-equity product.**

In the search for alpha and higher risk-adjusted returns, I have focused on factor investing for its construction, as well as in another approach popular among professionals and academics: sector neutrality.

We build a multi-factor dynamic model based on the **four most successful and established factors: profitability (quality), momentum, low volatility and value. The weights of these factors will fluctuate quarterly** depending on the economic situation, the momentum of these 4 factors and market volatility and risks.

Using these factors, and after eliminating the worst stocks under our ESG filter and Exclusion List, we choose the stocks from the S&P 500, Europe 350 and Nikkei 225 with the **best results in the factor screening** to build an investable universe with a third of the stocks of said indices (approx).

Then, we use the **Bloomberg Optimizer** to create 3 baskets with **minimal tracking error** with respect to these 3 indices and with almost **identical sectoral composition.**

The performance is quite impressive, really.

I'd love to be able to meet you via zoom/teams during this month of June to show you how it works. Can you give me half an hour?

Meanwhile, in this link to fLAB Equity you will find the rationale and guts of the fund

<https://flabfunds.com/wp-content/uploads/2024/06/fLAB-fUNDS-Equity.pdf>