THE DRIVE YOU DEMAND

WHITE PAPER

Emerging Market Fixed Income – 2019 Outlook

For Qualified Investors in Switzerland or Professional Investors or Eligible Counterparties as defined by the relevant laws

Asset Management | December 2018

UNION BANCAIRE PRIVÉE

Key points

- *2018 was a volatile year for EM fixed income, due to a combination of negative global and idiosyncratic factors. Still, the relative performance of the different EMFI sub-asset classes was in line with their longer-term risk-adjusted trends.*
- *The outlook for 2019 is more positive as EM and developed market growth should remain solid, EM political risk is easing, and commodities should rebound from their recent lows.*
- *Market technicals and valuations also appear supportive.*
- *Our EM fixed income strategies are cautiously positioned as we enter into the year end, but we are looking to gradually increase our market exposure to take advantage of this more positive outlook.*

After a market sell-off in 2018, we believe that emerging market (EM) fixed income should perform better in 2019, thanks to sound fundamentals, reduced political risk and more favourable technicals and valuations.

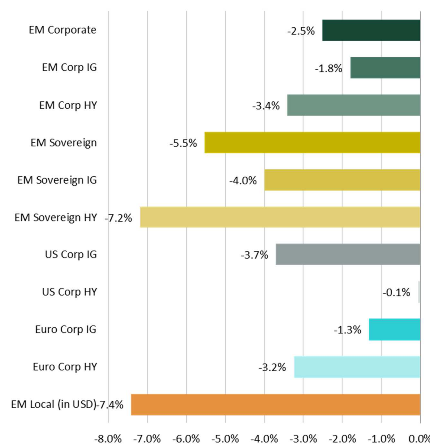
Emerging fixed income: Heterogeneous performances confirm long-term trends

EM have faced several headwinds so far this year, ranging from higher US rates, a stronger dollar and heightened trade tensions to weaker commodity prices and deteriorating fundamentals in a number of EM countries like Turkey and Argentina. As a result, EM debt markets have posted negative performances year to date.

Once again, however, the performances of the different EM debt sub-asset classes have been diverse. In particular, EM corporate bonds (-2.5% this year up to 30 November) have fared much better than EM sovereign bonds (-5.5%) or EM local bonds (-7.4%). As we have been asserting for a long time, this resilience can be explained by several factors: greater diversification, better credit quality, a more stable investor base, and, importantly, a shorter interest rate duration.

EM corporate investment grade (IG) bonds, in particular, lost only 1.8% over the period, outperforming EM sovereign IG bonds (-4.0%) and US IG credit (-3.7%), thanks to their shorter duration of only about 5 years compared with about 7 years for EM sovereign and US IG credit.

EM corporate bonds remain resilient (YtD performance)



Sources: UBP, Bloomberg Finance L.P., J.P. Morgan as at 30/11/2018
Past performance is not a guide for current or future returns

Local debt, in contrast, underperformed, due to the sharp depreciation of EM local currencies against the US dollar as well as the lack of diversification opportunities with only 19 countries, vs. over 150 issuers in the EM sovereign index and over 640 in the EM corporate index. EM local markets continue in effect to demonstrate poor risk-adjusted performance with higher volatility and drawdowns than hard-currency debt. We therefore continue to believe that this sub-asset class is best suited to investors with a high risk appetite and the ability to trade tactically and selectively to seize investment opportunities when and where they arise, rather than to investors seeking a more long-term strategic allocation to EM.

EM corporate bonds remain resilient (YtD performance)

Last 10 years	Annualised return	Annualised volatility	Sharpe ratio	Maximum drawdown
EM corporate	10.4%	7.0%	1.34%	-11.4%
EM sovereign	8.8%	7.2%	1.09%	-8.7%
EM local (in USD)	4.1%	12.4%	0.3%	-32.7%

Sources: UBP, Bloomberg Finance L.P., J.P. Morgan as at 31/10/2018
Past performance is not a guide for current or future returns

Looking ahead, we believe that EM have likely resolved some of 2018's economic difficulties, which should make 2019 a more fruitful year for EM fixed income investors. The worst of the policy uncertainties in Argentina and Brazil are behind us. The risks in Turkey appear more quantifiable. Overall EM GDP growth should still be well in excess of the average in developed markets. Also, EM market technicals have been cleaned up and are now more favourable than they were a year ago.

Global market vital signs: a strong heartbeat

Global activity should remain healthy in 2019, with GDP expected to grow by 3.1% over the year, according to the IMF (October 2018). This lies between 3.2% in 2018 and a post-GFC average of 3.0%. Despite their expected slowdown, developed markets are still doing well (2.1% from 2.3%), which should translate into solid demand for goods and services out of EM countries.

EM growth should also be strong in 2019, with the IMF anticipating 4.7%, a level similar to 2018. Latin America will be picking up momentum on the back of monetary loosening. Africa and the Middle East are also due to do better as the past commodity-related deleveraging pressures dissipate. These are important growth supports offsetting the likely slowdown in **China**. We expect this slowdown to remain moderate, adjusting to the government's deleveraging policies as Beijing opts for healthier/slower growth over leveraged/rapid growth. Trade tensions with the US are complicating the outlook, with Chinese GDP growth on course for 6.2% in 2019, down from 6.6% in 2018. If the trade tension between the US and China increase, the Chinese authorities will probably respond with more fiscal loosening first (government debt levels of 60% of GDP, compared with the G7 average of 117%, are not yet a constraint) ahead of monetary easing.

Argentina

The recession should ease in 2019 with GDP down by 'only' -1.6% after -2.8% in 2018. The IMF loans and the aggressive fiscal tightening of the Macri government are likely to help curb the peso depreciation and inflation, and eventually lead to interest rate cuts.

Debt servicing should not be a problem for 2019 as refinancing needs will be covered by the IMF's USD 57 bn package. But investors could become nervous heading into 2020 depending on the election outcome. Our baseline scenario is that either Macri, other (more popular) members of the ruling Cambiemos party, or a moderate opposition Peronist candidate will win the presidential election. This would mean continuity – to varying degrees – of fiscal austerity into 2020.

Brazil

GDP growth is likely to gradually rise (to 2.4% from 1.4%) as relatively low inflation and interest rates spur consumption and investment.

The budget deficit remains wide (7% of GDP) but president Bolsonaro has committed to moving ahead on pension reforms. While there is some risk of these reforms being diluted, even modest first steps would set a precedent for tackling the very high pension spending (12% of GDP and around 4 times that of Mexico).

January and March should see the initial flurry of policy activity from the new government. Privatisation is on the policy agenda and depending on how it unfolds, it could be a positive catalyst for Petrobras

Mexico

President Lopez-Obrador took office on 1 December 2018. We will see in 2019 how much of his pre-election spending pledges are realised.

The list of target spending is long (infrastructure, investment in the oil sector, pension increases, minimum wage hikes and youth training programmes) and costly

Developed markets to extend monetary policy normalisation

We are expecting continued monetary policy normalisation in developed markets, and higher yields. European QE is ending and the US is entering the fourth year of rate hikes, with Fed Funds rates up from 0.25% to 2.50%. We expect two more rate hikes in 2019 as US growth remains solid (though decelerating to 2.5% in 2019 from 2.9% in 2018 according to the IMF), core PCE inflation is in line with the Fed's target of 2.0% and risks to inflation are biased to the upside given wage pressures. Against this backdrop 10-year yields should end 2019 at around 3.50% (about 25 bp above their 2018 highs).

Rising US policy rates and yields will likely continue to restrain EM assets, and notably the currencies of countries where monetary policy is not being tightened (such as in North-East Asia with its low rates of inflation and downside pressure on growth in line with China). For EM credit returns, the impact of rising US Treasury bond (UST) yields will be partly cushioned by the wider spreads, as in the first 11 months of 2018, average EM sovereign and corporate spreads over UST increased by 110 bps and 76 bps respectively.

Less political risk ahead

2018 was marked by critical elections with uncertain outcomes in both Brazil and Mexico. These were a major source of asset market volatility. In Turkey, the outcome of the presidential election was more predictable: Recep Tayyip Erdogan, who has been leading the country, first as Prime Minister then as President, since 2003, won. But the unexpected cabinet changes and the acceleration of already-high inflation led to a currency collapse.

2019 promises a little less political excitement: Indonesia and India are heading into presidential/parliamentary elections in April while South Africa has parliamentary elections in May. Argentina's presidential elections will come in the last quarter. **South Africa**'s elections are causing us the most unease because a slim win for the African National Congress (ANC), due to weak GDP growth, would undermine the legitimacy of its business-friendly leader Cyril Ramaphosa. In **India**, Prime Minister Modi's approval rating is strong, at around 50%, and the Bharatiya Janata Party seems very likely to win a majority in parliament, which would mean continued business reforms. **Indonesia**'s president Joko Widodo enjoys an even higher approval rate (70%) and his party is also expected to win in 2019 with a strong mandate to continue pro-investment/conservative fiscal policies. Late 2019 elections in **Argentina** will decide whether the pro-market president Macri is given another chance despite the currency collapse and sharp economic downturn of 2018. We are optimistic on this front as the IMF loan program is slowing the depreciation of the peso, which at some stage should bring down inflation expectations and allow interest rates to be cut again. This holds hope for the economy and might help Macri, or another ruling party candidate, creep ahead of the (fractured) opposition come polling time..

Trade tensions: Forex is a cushion

Trade tensions between the US and **China** are casting a shadow over global growth, particularly over economies that rely heavily on Chinese imports (metal exporters and regional trading partners). However, we believe there are several possible paths towards de-escalation: Beijing could commit to buying more US goods and services and strengthen protection from US property rights. Separately, a weak US equity market could prevent the White House from announcing new tariffs. In our baseline scenario, we expect that tariffs already imposed on USD 250 bn worth of China imports to the US and USD 100 mn worth of US imports to China should remain, but with no fresh tariffs. In that sense, we took some comfort from president Trump's decision, following his meeting with Chinese president Xi at the G20 meeting in early December, to maintain tariff hikes at 10% for another three months while continuing negotiations over trade and the protection of intellectual property rights. Coming after the announcement in October of the USMCA (US Mexico Canada) agreement, which replaced NAFTA (North American Free Trade Agreement), this was another reassuring sign of pragmatism from the US authorities.

The negative growth effects from existing tariffs is estimated to remain very small for the US and the impact on China (around 30bp of GDP) should be largely offset by a combination of fiscal loosening, some liquidity injections into the domestic banking system, and some depreciation of the yuan against the dollar. Since June, when tariffs on Chinese goods were initially flagged by the White House, the Renminbi has depreciated by 8% against the US dollar, thereby largely offsetting the 10% tariffs. In a scenario of further significant tariffs on China, not our baseline scenario, it seems likely that the Chinese authorities would allow even faster currency depreciation.

Commodity prices to rise modestly

Consensus market views call for some modest increase in commodity prices in 2019 (around 5% for CRB), supported by limited supply growth in key commodities and healthy inventory levels. This view makes a lot of sense to us. In the crude oil market, inventories have adjusted (-7% in the US, for example, since the price pressure of 2015). The drop in the level of copper inventories is probably more extreme (-25% measured off the Shanghai futures exchange). We expect the drop in oil, copper and average commodity prices this year (-9%, -13%, -4%) to reverse, particularly with trend demand growth. China is a key consumer of commodities, notably of industrial metals, and in the absence of a sharp downturn, should be importing more next year than they did in 2018. Any easing of US–China trade tensions could thus be a catalyst for higher commodity prices.

Another contributing factor should be the OPEC plus (co-operating countries) 6 December decision to cut 1.2mbpd from production.If they go through with it, this cut would bring OPEC production down to 31.6 mbpd, close to the level the International Intelligence Agency estimates is needed to keep global oil inventories stable. We believe oil prices should, in turn, recover back to between USD 60 and 65 (WTI).

EM markets tend to move in sync with commodity prices which in turn are positively correlated with general risk appetite, and because EM are net metal exporters. Within EM there are as many oil exporters as importers but oil price strength is still a positive fundamental development for EM because the 'wins' from higher oil prices are concentrated among some of the largest countries while the 'cost' of higher oil prices are diffused across many.

Russia
The growth rebound has faded and GDP is likely to settle into a low cruising speed of around 1.5–2%.
Further fiscal tightening seems likely as spending is reined back, the retirement age is moved up and VAT is hiked.
The government is preparing for additional US sanctions, notably the risk that US investors could at some stage be barred from buying new sovereign issues. Fiscal tightening is, in part, preparation for this. We look for sovereign and corporate net issuance to be negative, with the scarcity of Russian bonds likely to intensify over time. This should provide support for bond prices.

South Africa
We are turning more cautious here as growth remains weighed down by uncertainty over land reforms and mining laws, which are unlikely to be resolved until after the May 2019 elections.
Meanwhile fiscal policy is too loose and sovereign debt levels are rising. Moreover, a marginal election win by the ANC party could trigger leadership challenges to the current president and ANC leader, Cyril Ramaphosa.

Turkey
The economic risks are more quantifiable now with GDP heading into a recession and the government and central bank prepared for the impact of this on corporate defaults and banking sector pressures.
Inflation is still too high though at around 25% and risks are being entrenched following the increasingly unorthodox steps taken by the government (attempting to verbally influence price-setting in the economy rather than using conventional fiscal belt-tightening or supporting more price competition in the country).
Local elections (March 2019) could lead to a flare-up of cross-party political tensions.

EM corporate fundamentals improving

EM corporate standalone fundamentals have continued to improve over the year. EBITDA growth has risen by over 20% since bottoming out in 2016. Net leverage has been declining, as has net debt. And companies continue to focus on liability management operations, such as debt buy-backs, while limiting any shareholder-friendly activities which would be detrimental to bond holders.

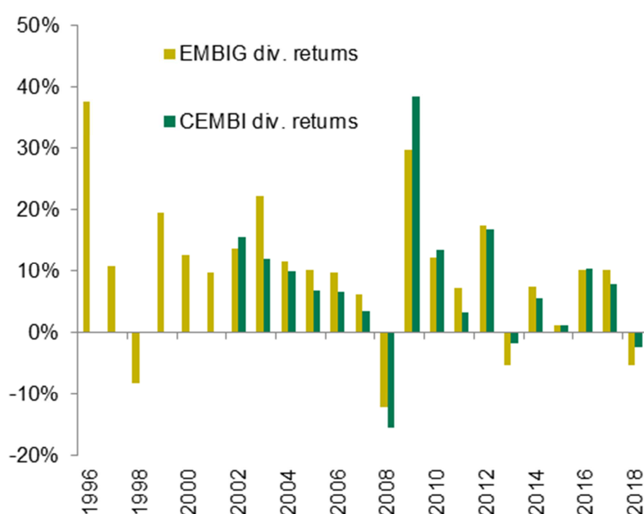
As a result, EM default rates have been low again so far this year and are expected to remain below their historical average in 2019. We nevertheless recognise that some risks exist, especially amongst some high-yield companies with a high forex asset/liability mismatch such as some of the smaller Chinese high-yield real estate companies. We thus pay particular attention to this risk and tend to favour

exporters over domestic players with no direct access to hard currency-denominated revenues.

Lightning doesn't strike twice and EM fundamentals are sound

Sustained sell-offs in EM fixed income are rare, with negative annual returns in EM corporate bonds (as measured by the JP Morgan CEMBI Diversified index) and EM sovereign bonds (JP Morgan EMBI Global Diversified index) having occurred only three times since 2000 (2008, 2013 and 2018). Sell-offs were followed by a bounce and with good reason: the combination of higher coupons (5.95% for EMBIG div. and 5.15% for CEMBI div. currently) and a pull to par on prices, except when default rates rise significantly. Given our diverse universe and the natural caution of global investors around riskier EM names in the primary market, the number of problematic EM bonds is low and default rates are likely to stay low. This year's price sell-off has pushed yields to worst up by 160 bps to 6.2% for the CEMBI Diversified and to 7% for the EMBI Global Diversified. Given this starting level of higher yields, there would need to be a lot of EM-specific negatives in 2019 for EM bonds to suffer another year of negative returns.

Annual returns in EM fixed income



Sources: UBP, Bloomberg Finance L.P., J.P. Morgan, ICE BofAML as at 31/10/2018 - Past performance is not a guide for current or future returns

Let's take one extreme/unlikely scenario where our view on EM growth is wrong: GDP slows sharply and defaults shoot up. Assuming a 60% recovery rate for sovereigns and 40% for corporates (the historically observable average since 2000), one would need to see a 19% default incidence in the EMBIG div. universe and 10% in the CEMBI div. to generate sufficient price losses to fully offset yields. Since 2008, average annual default rates in both universes have been around 1%, and even in 2009 (the high watermark) CEMBI defaults were only around 3.5%.

Let us take an alternative scenario where UST yields rise even further; here EM sovereign carry is wiped out only if the entire US yield curve parametrically shifts upwards by 107bps (138bps in the case of EM corporate bonds). It would also need to happen when investors are bearish on a lot of large EM issuers for idiosyncratic reasons, because when the US economy is robust (as reflected in a gradual rise in UST yields), this also helps increase the sale of EM exports to the US. This improvement in EM fundamentals then translates into a tightening of EM spreads. An environment of higher UST yields could of course be problematic for EM bond issuers with a large stock of dollar-denominated short-term debt, but these issuers were stress-tested in 2018 and did not default. The stress will continue for these issuers in 2019, and we do not exclude potential credit events, but if they do occur they should remain limited. Also, cheaper valuations (including a lower cash price), active management, thorough credit analysis and diversification should help limit any negative impact for investors at portfolio level.

India
The election cycle has started, with state elections taking place throughout 2018, and will culminate in the Lok Sabha (lower house of parliament) elections in April 2019. President Narendra Modi commands a solid 50% approval rate but lingering criticism in the population of the financial disruptions associated with the banknote demonetisation exercise two years ago and unfulfilled promises on infrastructure investment could see the BJP party majority in Lok Sabha slip.
Some pre-election nervousness among investors seems likely as a result.

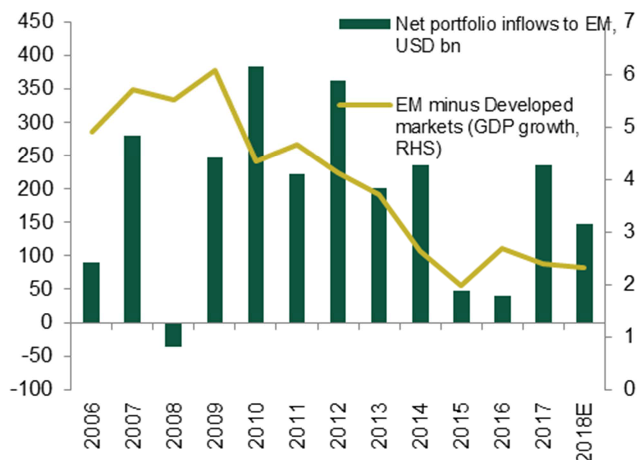
Indonesia
April elections should see President Joko Widodo returned for a second term given his currently high approval rate (70%) and his choice of senior Muslim cleric Ma'ruf Amin as VP candidate. This should allow him to straddle both the conservative and the business voter base.
GDP growth could ease as the government and central bank have taken precautionary measures to slow import demand and curb domestic interest rates in case global EM investor sentiment remains poor. GDP growth should remain at slightly less than 5% (it was 5.2% in 2018).

Market technicals

Despite the macroeconomic and political risks experienced this year, EM still managed to attract net capital inflows, though at a lower level than in 2017. As of October, EM portfolio inflows stood at around USD 148 bn. This is surprisingly robust and probably reflects the fact that the GDP growth gap between EM and developed markets was 2.3 percentage points in 2018, which partly explains the pull of capital. Going into 2019 it seems likely that capital inflows could be at least as large as they were this year as the growth gap between EM and developed markets is likely to widen further to 2.6%.

As a rule, decent global (EM and developed) growth is helpful for EM fixed income prices because it supports earnings growth at corporate level, and tax and fiscal trends at sovereign level. Strong growth thus historically matters for bond prices (although of course a little bit less than for pro-cyclical assets like equities or currencies).

GDP differentials and portfolio inflows into EM

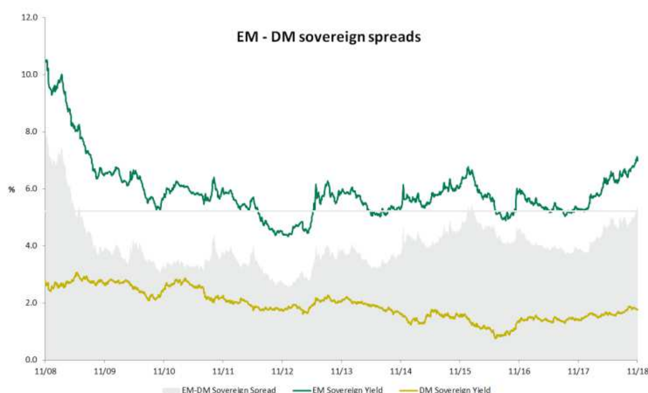


Sources: UBP, Bloomberg Finance L.P. as at 31/10/2018

Supply[1] should also be supportive next year. EM corporate bond issuance should pick up marginally (from USD 375 bn to USD 380 bn) but should be fairly easily absorbed. Indeed, net financing needs should remain low at USD 22 bn (and even lower than in 2018, the expected amount being USD 30 bn), thanks to the high level of coupons and amortisations, as well as the continuation of liability management operations (e.g. tenders, debt buy-backs). Similarly for EM sovereign debt, gross issuance is expected to drop from USD 140 bn to USD 96 bn while net issuance should come down to only USD 12 bn from USD 54 bn this year.

Finally, current valuations should also help attract investors back into the asset class. As of the end of November, yields in EM sovereign bonds stood at 6.98% (up from 5.27% at the end of 2017) with an average rating of BB+ and a duration of about 6.5 years. Similarly, EM corporate bonds, offered a yield of 6.15% (up from 4.53%) with an average rating of BBB- and a duration of about 4.5 years. EM bonds are also attractive compared to developed-market fixed income. For instance, the spread between EM and developed-market sovereign bond yields is at levels not seen since the end of 2015, and 2009 before that, with EM sovereign high-yield issuers appearing particularly attractive.

EM-DM sovereign spreads



Sources: UBP, Bloomberg Finance L.P., J.P. Morgan as at 06/12/2018
Past performance is not a guide for current or future returns

UBP EM fixed income strategies – current positioning

Given the outlook described above, we believe that emerging fixed income should bottom out in the coming months, helped by still robust fundamentals, sound economic growth in the majority of EM countries, limited upside in US rates and improved market technicals and valuations. As investors reposition their portfolios as we enter 2019, we expect EM fixed income's attractive valuations to translate into inflows and bond prices to trade upwards in the medium term. We expect 2019 performance in EM hard currency bonds to be in the mid-single digits, thanks to the high carry and some spread-tightening partly offsetting higher US rates.

That said, we are likely to continue range-trading in the coming weeks as we enter into the year end. We are thus cautiously positioned in the short term (slightly underweight spread duration across all our funds) but are looking to gradually increase our market exposure over time to take advantage of the attractive valuations.

In **EM corporate strategies**, given the risks of lower liquidity into year-end, we are currently favouring shorter-dated, less volatile bonds and have a balanced portfolio across regions. In **EM sovereign**, we favour shorter-dated bonds from high yield, frontier issuers, which have significantly underperformed in the sell-off.

Our **unconstrained and asymmetric strategy** is currently "balanced". We are overweight in corporate bonds, which offer lower volatility and better risk-adjusted performances than EM sovereign bonds. We have also built up selective, tactical long positions in EM local currency markets, as we expect the strength of the US dollar to subside in 2019 thanks to the widening interest rate differential and growth gap between emerging and developed markets.

Koon Chow
Senior Macro and FX Strategist
Emerging Market Fixed Income

Karine Jesiolowski
Senior Investment Specialist
Emerging Market Fixed Income

Union Bancaire Privée, UBP SA
Rue du Rhône 96-98 | P.O. Box | CH-1211 Geneva 1
T. +41 58 819 21 11 | F. +41 58 819 22 00
mail@ubp.com | www.ubp.com

Dedication | Conviction | Agility | Responsibility

[1] Sources : JP Morgan, Barclays – November 2018

Disclaimer

This is a marketing document and is intended for informational and/or marketing purposes only. This document is confidential and is intended only for the use of the person(s) to whom it was delivered. This document may not be reproduced (in whole or in part) or delivered, given, sent or in any other way made accessible, to any other person without the prior written approval of Union Bancaire Privée, UBP SA or any entity of the UBP Group (“UBP”). This document reflects the opinion of UBP as of the date of issue.

his document is for distribution only to persons who are Qualified Investors in Switzerland or Professional Clients, Eligible Counterparties or equivalent category of investors as defined by the relevant laws (all such persons together being referred to as “relevant persons”).This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. It is not intended for distribution, publication, or use, in whole or in part, in any jurisdiction where such distribution, publication, or use would be unlawful, nor is it directed to any person or entity to which it would be unlawful to direct such a document. In particular, this document may not be distributed in the United States of America and/or to US Persons (including US citizens residing outside the United States of America).

This document has not been produced by UBP’s financial analysts and is not to be considered as financial research. It is not subject to any guidelines on financial research and independence of financial analysis.

Reasonable efforts have been made to ensure that the content of this document is based on information and data obtained from reliable sources. However, UBP has not verified the information from third sources in this document and does not guarantee its accuracy or completeness. UBP accepts no liability whatsoever and makes no representation, warranty or undertaking, express or implied, for any information, projections or any of the opinions contained herein or for any errors, omissions or misstatements. The information contained herein is subject to change without prior notice. UBP gives no undertaking to update this document or to correct any inaccuracies in it which may become apparent.

This document may refer to the past performance of investment interests. Past performance is not a guide to current or future results. The value of investment interests can fall as well as rise. Any capital invested may be at risk and you may not get back some or all of your original capital. In addition, any performance data included in this document does not take into account fees and expenses charged on issuance and redemption of securities nor any taxes that may be levied. Changes in exchange rates may cause increases or decreases in your return.

All statements other than statements of historical fact in this document are “forward-looking statements”. Forward-looking statements are not guarantees of future performance. The financial projections included in this document do not represent forecasts or budgets, but are purely illustrative examples based on a series of current expectations and assumptions which may not eventuate. The actual performance, results, financial condition and prospects of an investment interest may differ materially from those expressed or implied by the forward-looking statements in this document as the projected or targeted returns are inherently subject to significant economic, market and other uncertainties that may adversely affect performance. UBP disclaims any obligation to update any forward-looking statement, as a result of new information, future events or otherwise.

It should not be construed as advice or any form of recommendation to purchase or sell any security or funds. It does not replace a prospectus or any other legal documents that can be obtained free of charge from the registered office of a fund or from UBP. The opinions herein do not take into account individual investors’ circumstances, objectives, or needs. Each investor must make his/her own independent decision regarding any securities or financial instruments mentioned herein and should independently determine the merits or suitability of any investment. In addition, the tax treatment of any investment in the fund(s) mentioned herein depends on each individual investor’s circumstances. Investors are invited to read carefully the risk warnings and the regulations set out in the prospectus or other legal documents and are advised to seek professional advice from their financial, legal and tax advisors.

The tax treatment of any investment in the Fund depends on your individual circumstances and may be subject to change in the future.

The document neither constitutes an offer nor a solicitation to buy, subscribe for or sell any currency, funds, product or financial instrument, make any investment, or participate in any particular trading strategy in any jurisdiction where such an offer or solicitation would not be authorised, or to any person to whom it would be unlawful to make such an offer or invitation.

Telephone calls to the telephone number stated in this presentation may be recorded. When calling this number, UBP will assume that you consent to this recording.

UBP is authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority and is authorised in the United Kingdom by the Prudential Regulation Authority. UBP is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

Any subscriptions not based on the funds’ latest prospectuses, KIID, annual or semi-annual reports or other relevant legal document shall not be acceptable.

The latest prospectus, articles of association, KIID and annual and semi-annual reports of the funds presented herein (the “Funds’ Legal Documents”) may be obtained free of charge from Union Bancaire Privée, UBP SA, 96-98, rue du Rhône, P.O. Box 1320, 1211 Geneva 1 (“UBP”).

The Funds’ Legal Documents may also be obtained free of charge from UBP Asset Management (Europe) S.A., 287-289 route d'Arlon, 1150 Luxembourg, Grand Duchy of Luxembourg.

The Funds’ Legal Documents may also be obtained free of charge from Union Bancaire Gestion Institutionnelle (France) SAS, 116, avenue des Champs-Elysées, 75008 Paris, France.