



THE DRIVE YOU DEMAND

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

# UBAM - GLOBAL HIGH YIELD SOLUTION

## Liquid exposure to high-yield credit with limited interest-rate risk

UBAM - Global High Yield Solution is an innovative fund that provides liquid exposure to the high-return potential of high-yield credit with limited interest-rate risk through a top-down investment process.

### Key points

- ◆ *Outperformance of CDS strategies over cash bond strategies over the long term and during crises*
- ◆ *The fund offers exposure to high-yield investments with high liquidity, broad diversification and low interest-rate sensitivity*
- ◆ *Macro-driven investment process that has proved effective in determining high-yield exposure*
- ◆ *Experienced investment team with considerable expertise in credit and high-yield CDS indices*
- ◆ *An award-winning strategy recognised for its superior advantages*

### Investment case

Global high-yield bonds have proven to be an attractive alternative to equities by offering lower volatility and higher or similar returns.

In addition to this, high-yield CDS strategies offer higher returns than high-yield cash bonds. From 31 December 2004 to 31 March 2019:

- ◆ Global high yield CDS strategy: +7.9%
- ◆ Global high yield cash bonds strategy: +7.4%

The environment remains positive for high yield, with default rates at low levels.

### Fund concept

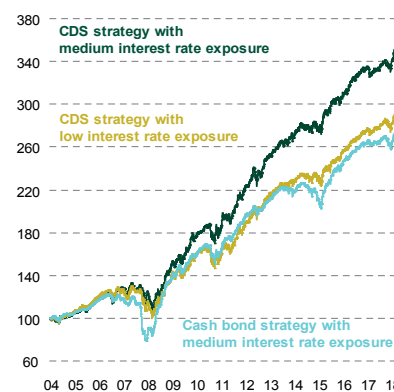
UBAM - Global High Yield Solution is an innovative fund that offers liquid exposure to the high-return potential of high-yield credit but with limited interest-rate exposure thanks to its exclusive use of high-yield CDS indices.

The high-yield CDS index market offers high liquidity in all market conditions, in particular compared with the regular high-yield bond market, along with very tight and stable bid-offer spreads.

The fund's sensitivity to interest rates is limited. Its exposure to interest rates is achieved primarily via US Treasuries with maturities of less than two years.

The fund enables investors to achieve full exposure to the high-yield universe by offering a diversified allocation to 175 of the most liquid non-investment-grade issuers in Europe and the US.

### High-yield CDS strategies vs. high-yield cash bonds since 31 December 2004



	CDS strategy with medium IR exposure <sup>1</sup>	CDS strategy with low IR exposure <sup>2</sup>	Cash strategy with medium IR exposure <sup>3</sup>
Annualised return	9.4%	7.9%	7.4%
Maximum drawdown	-15.9%	-20.2%	-34.2%
Recovery	6 months	6 months	9 months



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Sources: UBP, Bloomberg Finance L.P., J.P. Morgan, as at 31 March 2019

<sup>1</sup>67% US CDX HY + 33% Europe iTraxx Crossover + BofA ML US Treasury 3-5 Years: with historical duration of 3.7 years.

<sup>2</sup>67% US CDX HY + 33% Europe iTraxx Crossover + BofA ML US Treasury 0-3 Years: with historical duration of 1.4 years.

<sup>3</sup>67% US HY BofA ML + 33% EUR HY BofA ML USD hedged, with historical interest rate exposure of 3.9 years.

Simulated past performance: the performance information presented in the chart or tables represents backtested performance.

Backtested performance is hypothetical (it does not reflect trading in actual accounts) and is provided for informational purposes only to indicate historical performance if the stock selection strategy was available over the relevant period.

Simulated past performance is not a reliable indicator of future performance.

## Investment process

The UBAM - Global High Yield Solution's investment process is based on our Fixed Income team's proven macro-driven approach.

- ◆ We determine a 6–9-month macroeconomic scenario based on in-house economic indicators and the analysis of business cycles and monetary policies in the main geographical areas. Our in-house indicators have proven consistently effective over the past fifteen years.
- ◆ We identify the main market themes, such as monetary policies (LTRO, QE), the eurozone sovereign crisis, banking regulations and their consequences for the high-yield segment in terms of valuations and investor positioning.
- ◆ The resulting top-down allocation view determines our high-yield exposure, interest-rate sensitivity and geographical allocation.

## Investment guidelines

- ◆ High-yield exposure from 80% to 120% using standardised, liquid and cleared CDS indices
- ◆ Interest rate exposure: 0–2 years using liquid bonds, primarily US Treasuries
- ◆ Geographical allocation to high yield (US: 67%; Europe: 33%) that can fluctuate by 20%
- ◆ No structured products

## Investment team

- ◆ Fourteen-strong team overseeing CHF 18.2 billion worth of fixed-income assets as at 31 December 2018
- ◆ Proven expertise in high-yield CDS index management
- ◆ Co-managers Christel Rendu de Lint and Philippe Gräub have successfully co-managed credit strategies for fifteen years

## General information

Fund name	UBAM
Sub-fund name	UBAM - Global High Yield Solution
Legal form of the fund	Luxembourg-incorporated umbrella SICAV, UCITS
Launch date	3 December 2010
Bid/offer price	NAV
Currency	USD (EUR/CHF/GBP/SEK)
Subscription/redemption	Daily
Management fee	A: 0.40%; I: 0.25%
Management company	UBP Asset Management (Europe) S.A.

## Asset allocation is our key added value in generating outperformance

### 1. 6- to 9-month macroeconomic scenario

- ◆ Proprietary macroeconomic leading indicators (with track record of almost 20 years)
- ◆ Detailed analysis of relevant global business cycle data
- ◆ Detailed analysis of central bank policies and reaction functions

### 2. Identification of overarching market themes

- ◆ Monetary policies: LTRO, quantitative easing
- ◆ European sovereign crisis
- ◆ Banking regulation (such as Basel III)

### 3. Top-down allocation view

- ◆ High-yield exposure (from 80% to 120%)
- ◆ Interest rate exposure (from 0 to 2 years)
- ◆ Regional exposure

## Main risks

With lower risk,		With higher risk,				
potentially lower rewards		potentially higher rewards				
1	2	3	4	5	6	7

SRRI relates to the IC USD share class LU0569863243 as at 31.01.2019. This indicator represents the annual historical volatility of the fund. Risk category reflects level of risk and return profile: 1 lowest; 2 low; 3 limited; 4 average/moderate; 5 high; 6 very high; 7 highest risk. Historical data such as that used to calculate the synthetic indicator cannot be considered as a reliable indication of the fund's future risk profile. The risk category associated with the fund is not guaranteed and may change over time.

Investment manager	Union Bancaire Privée, UBP SA, Geneva
Administrator	CACEIS Bank Luxembourg S.A.
Registrar/transfer agent	CACEIS Bank Luxembourg S.A.
Custodian	BNP Paribas Securities Services Luxembourg
Auditor	Deloitte Audit S.à.r.l., Luxembourg
Country where distribution is authorised	AT, BE, CH, CL, DE, ES, FI, FR, IT, LU, NL, NO, PT, SE, SG, UK
ISIN	AC USD: LU0569862351; IC USD: LU0569863243

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