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Fund classification under the Sustainable Financial Disclosure Regulation (SFDR): **Article 8**

# UBAM - GLOBAL HIGH YIELD SOLUTION

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

UBAM - Global High Yield Solution 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

- *Outperforming over the global high-yield bond market over the long term and during crises*
- *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*
- *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 comparable returns.

In addition to this, the strategy has historically offered higher returns and lower drawdown than high-yield cash bonds.

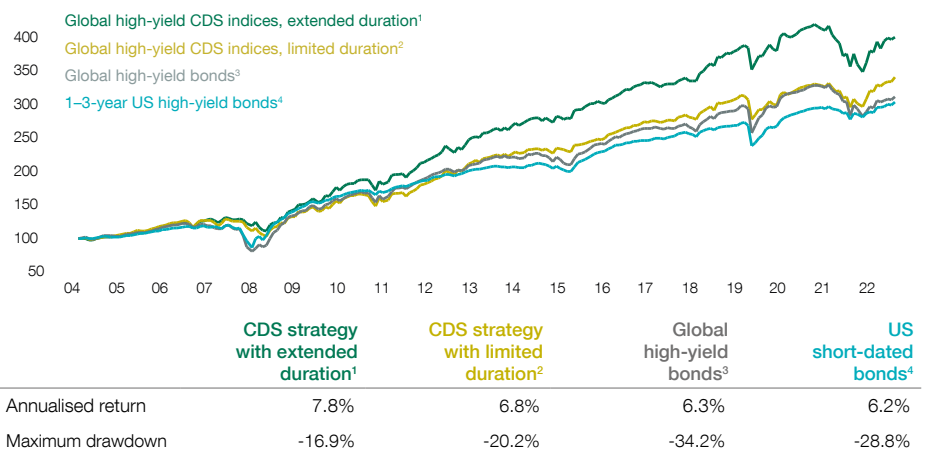
## Fund concept

UBAM - Global High Yield Solution, an actively managed fund, offers liquid exposure to the high-return potential of high-yield credit but with limited interest-rate exposure. The fund invests in CDS (EU and US) and US Treasuries.

Its high-yield exposure is implemented using liquid credit instruments where trading costs are just a fraction of those of high-yield bonds and daily traded volumes increase in times of stress.

The fund's sensitivity to interest rates is limited to circa 1 year, making the portfolio mostly immune to interest rate fluctuations. It allows 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 31.12.2004



Sources: UBP, Bloomberg Finance L.P., JP Morgan, as at 30 June 2023

The performance shown is not that of the fund.

<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.

<sup>4</sup> 100% US high yield short-duration (ticker: J1A0)

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, 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.

## 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 beta: 0.8 to 1.2
- Interest rate exposure (from 0 to 2 years)
- Regional exposure

## Investment guidelines\*

- High-yield exposure: the beta may vary from 0.8 to 1.2
- Interest rate exposure: 0–2 years
- Geographical allocation to high yield: 67% US; 33% Europe – fluctuation: 20%
- No structured products

## Main risks

Counterparty, Credit, Currency, Liquidity.

Please refer to the prospectus for more detailed information on the specific and material risks relevant to the Fund. This Fund does not include any protection from future market performance, so you could lose some or all of your investment.

## General information

|  |  |
|--|--|
| Name                                   | UBAM - Global High Yield Solution                                  |
| Legal form                             | Sub-fund of UBAM, Luxembourg-domiciled SICAV, UCITS                |
| Base currency                          | USD  |
| Currency-hedged share classes          | AUD, CHF, CNH, EUR, GBP, HKD, ILS, NOK, SEK, SGD                   |
| Cut-off time                           | 13:00 (LU time)  |
| Inception date                         | 03.12.2010   |
| Minimum investment                     | None   |
| Liquidity                              | Daily  |
| Applicable management fee <sup>1</sup> | AC USD: 0.40%<br>IC USD: 0.25%<br>UC USD: 0.25%                    |
| Registered countries <sup>2</sup>      | AE, AT, CH, CL, DE, DK, ES, FI, FR, IT, KR, LU, NL, NO, SE, SG, UK |

## Investment team

- Fourteen-strong team overseeing CHF 14 billion worth of fixed-income assets as of 30 June 2023
- Over 10 years of expertise in managing high-yield strategies
- Led by Philippe Gräub, who has over twenty years' financial markets experience

|                    |  |
|--------------------|--|
| ISIN               | AC USD: LU0569862351<br>IC USD: LU0569863243<br>UC USD: LU0862302089 |
| Bloomberg ticker   | AC USD: UBGACUS LX<br>IC USD: UBGICUS LX                             |
| Investment manager | Union Bancaire Privée, UBP SA  |
| Depository bank    | BNP Paribas SA, Luxembourg Branch                                    |
| Administrator      | CACEIS Bank, Luxembourg Branch                                       |

<sup>1</sup>Only the main share classes are mentioned. Available share classes include A: Standard, I: Institutional; U: No entitlement to retrocessions / RDR-compliant; C: Capitalisation. Others are available.

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