

# UBP Asset Management (Europe) S.A.

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R.C.S. Luxembourg N° B 177 585

## NOTICE TO THE SHAREHOLDERS OF THE SUB-FUND

### U ASSET ALLOCATION - TARGET RETURN MODERATE USD

Luxembourg, 8 September 2023

Dear Shareholders,

UBP Asset Management (Europe) S.A. (hereafter the "Management Company"), with the consent of the Board of Directors of U ASSET ALLOCATION informs you of the following decisions relating to the Sub-Fund U ASSET ALLOCATION - TARGET RETURN MODERATE USD (the Sub-Fund):

Starting from the 11th October 2023 (the "Effective Date"):

1. The Sub-Fund's denomination will be changed to "U ASSET ALLOCATION - MULTI ASSET CONTROL"
2. The Sub-Fund's investment policy will consequently be replaced as described below (changes outlined in **bold** below in the **New investment policy** section):

#### **Current investment policy**

*"The investment objective of U ASSET ALLOCATION - TARGET RETURN MODERATE USD is to generate moderate return across the investment horizon mentioned below.*

*The investment process starts with the determination by the Investment Manager of the expected return of each asset class over the next five years. These expected returns are the best estimates based on Investment Manager proprietary framework which includes long-term macroeconomic trends in demographics, labor force and productivity to define economic growth, inflation monetary and fiscal policy path as well as multiple valuation metrics over next five years. Based on that, an optimization process is used to define the strategic asset allocation. The optimization process proceeds thousands of mathematic combinations of asset classes to find all combinations that will deliver the performance objective. The combination with the lowest volatility is then defined as the strategic allocation. On top of the strategic asset allocation, tactical allocation is implemented to exploit short term market opportunities. In addition, the Investment Manager can add tail risk management to avoid severe losses in case of extreme market conditions. The gross performance of the Sub-Fund is the expected return of the investment portfolio and its objective, which cannot be guaranteed, is between 3% and 6% on average per year over the recommended investment period. Nevertheless, depending on the market conditions and the interest rate's level, the realized performance can deviate significantly from this objective.*

*To pursue this objective, the Sub-Fund is actively managed and may be invested directly or indirectly\* as follows:*

<b>Asset type</b>	<b>Direct exposure (up to)</b>	<b>Indirect* exposure (up to)</b>
<i>Fixed income instruments including without limitation: notes, time-deposits and all types of bonds such as corporate bonds, sovereign bonds with the following exceptions:</i>		100%
<i>Contingent Convertible bonds (Cocos)</i>		10%
<i>Asset-backed securities (ABS)</i>		
<i>Mortgage-backed securities (MBS)</i>	-	10%
<i>CAT bonds</i>		
<i>Money Market instruments</i>		50%
<i>Equities, equity like instruments including but not limited to US, Europe, Japan and emerging markets equities</i>		65%
<i>Convertible bonds</i>		20%

Asset type	Direct exposure (up to)	Indirect* exposure (up to)
<ul style="list-style-type: none"> <li>- Alternative investments up to 20%, mainly invested in strategies Equity Long/Short, Event Driven, Relative Value, Global Macro and CTA;</li> <li>- Commodities (including but not limited to gold, silver, platinum) via ETCs up to 15%, <i>but in total for both strategies</i></li> </ul>		30%

\* Indirect should be understood as follows: Investments will be made through a regulated UCITS or other regulated open-ended investment funds having an investment policy and risk exposure similar to a UCITS and being submitted to an equivalent regulatory supervision.

Regulated UCITS or other regulated open-ended investment funds investing only on an ancillary basis in the above-mentioned asset type or with the above-mentioned constraints are not taken into account for the calculation of the relevant limit(s).

The maximum of 50% mentioned above for investments in Money Market instruments will only be reached in exceptional market situations and for a limited period of time.

Financial derivatives (such as, although this list is not intended to be exhaustive, CDS, financial futures and options) as defined in chapter "INVESTMENT LIMITS" may be used for effective portfolio management and/or for hedging purposes.

In addition, the Sub-Fund can invest in structured products which will be classified according to the nature of their underlyings for the calculation of the above limits.

Direct or indirect\* investments in fixed-income instruments or issuers with a rating below BBB- (Fitch Ratings Ltd.) or BBB- (Standards & Poor's) or Baa3 (Moody's) or no rating are allowed up to 30% of the total net assets of the Sub-Fund.

Besides that, for all asset type, there is no restriction as to the country of the issuer. Nevertheless, the sum of all issuers of emerging countries should not represent more than 50% of the total net assets of the Sub-Fund.

The Sub-Fund is allowed to invest in other currencies than the Sub-Fund's base currency. The currency risk associated may or may not be hedged at the Investment Manager's discretion.

However, in any cases, the portfolio base currency exposure will range from 40% to 110%.

The Sub-Fund's performance can therefore be affected by fluctuations in those currencies against the base currency.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. (Article 7 of EU Taxonomy Regulation)."

### **New Investment policy**

The investment objective of **U ASSET ALLOCATION - MULTI ASSET CONTROL** is to generate moderate return across the investment horizon mentioned below.

The investment process starts with the determination by the Investment Manager of the expected return of each asset class over the next five years. These expected returns are the best estimates based on Investment Manager proprietary framework which includes long-term macroeconomic trends in demographics, labor force and productivity to define economic growth, inflation monetary and fiscal policy path as well as multiple valuation metrics over next five years. Based on that, an optimization process is used to define the strategic asset allocation. The optimization process proceeds thousands of mathematic combinations of asset classes to find all combinations that will deliver the performance objective. The combination with the lowest volatility is then defined as the strategic allocation ("**Optimized Portfolio**").

**In addition, the Investment Manager adds a volatility control mechanism to maintain it at a decent level. When the volatility of the strategic allocation significantly increases, the Investment Manager will reduce the Optimized Portfolio and invest into alternative investments within the below limits. Once the volatility standardizes, the Investment Manager decreases the alternative investments allocation to re-invest into the Optimized Portfolio. The volatility of the Sub-fund is expected to be below 10% (which cannot be guaranteed).**

To pursue this objective, the Sub-Fund is actively managed and may be invested directly or indirectly\* as follows:

<b>Asset type</b>	<b>Direct exposure (up to)</b>	<b>Indirect* exposure (up to)</b>
<i>Fixed income instruments including without limitation: notes, time-deposits and all types of bonds such as corporate bonds, sovereign bonds with the following exceptions:</i>	100%	
Contingent Convertible bonds (Cocos)	10%	
Asset-backed securities (ABS)	-	10%
Mortgage-backed securities (MBS)		
CAT bonds		
<i>Money Market instruments</i>	50%	
<i>Equities, equity like instruments including but not limited to US, Europe, Japan and emerging markets equities</i>	65%	
<i>Convertible bonds</i>	20%	
- <i>Alternative investments up to 40%, mainly invested in strategies Equity Long/Short, Event Driven, Relative Value, Global Macro and CTA;</i> - <i>Commodities (including but not limited to gold, silver, platinum) via ETCs up to 15%,</i> <i>but in total for both strategies</i>	<b>40%</b>	-

\* Indirect should be understood as follows: Investments will be made through a regulated UCITS or other regulated open-ended investment funds having an investment policy and risk exposure similar to a UCITS and being submitted to an equivalent regulatory supervision.

Regulated UCITS or other regulated open-ended investment funds investing only on an ancillary basis in the above-mentioned asset type or with the above-mentioned constraints are not taken into account for the calculation of the relevant limit(s).

The maximum of 50% mentioned above for investments in Money Market instruments will only be reached in exceptional market situations and for a limited period of time.

Financial derivatives (such as, although this list is not intended to be exhaustive, CDS, financial futures and options) as defined in chapter "[INVESTMENT LIMITS](#)" may be used for effective portfolio management and/or for hedging purposes.

In addition, the Sub-Fund can invest in structured products which will be classified according to the nature of their underlyings for the calculation of the above limits.

Direct or indirect\* investments in fixed-income instruments or issuers with a rating below BBB- (Fitch Ratings Ltd.) or BBB- (Standards & Poor's) or Baa3 (Moody's) or no rating are allowed up to 30% of the total net assets of the Sub-Fund.

Besides that, for all asset type, there is no restriction as to the country of the issuer. Nevertheless, the sum of all issuers of emerging countries should not represent more than 50% of the total net assets of the Sub-Fund.

The Sub-Fund is allowed to invest in other currencies than the Sub-Fund's base currency. The currency risk associated may or may not be hedged at the Investment Manager's discretion.

However, in any cases, the portfolio base currency exposure will range from 40% to 110%.

The Sub-Fund's performance can therefore be affected by fluctuations in those currencies against the base currency.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. (Article 7 of EU Taxonomy Regulation).

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Shareholders of U Asset Allocation – Target Return Moderate USD who do not agree with the aforementioned change will have the option of requesting the redemption of their shares free of charge for a period of one month starting from the date of this notice.

UBP Asset Management (Europe) S.A.