



THE DRIVE YOU DEMAND

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

UBAM - ABSOLUTE RETURN LOW VOL FIXED INCOME

A flexible global fixed income allocation for all market conditions with low volatility

UBAM - Absolute Return Low Vol Fixed Income offers a flexible and global fixed income strategy with low volatility (below 2%). It targets a return of cash +2%.

Key points

- ◆ *Ample flexibility to be positioned on the most attractive sub-segments of global fixed income markets*
- ◆ *Proven ability to deliver stable, attractive excess returns over cash with ultra-low historical volatility*
- ◆ *Very appealing risk-reward profile*
- ◆ *Designed to benefit from a rising rate environment, with a modified duration varying from -2 to +4 years*
- ◆ *Core risk management approach through cross-checks between top-down risk budgeting and bottom-up risk monitoring*
- ◆ *No correlation to the major asset classes*

Investment case

In a moderate-growth and low-rate scenario, traditional index-driven strategies would not meet investors' expectations in terms of returns.

Across market and macroeconomic cycles, global fixed income segments do not offer the same investment opportunities. A top-down macro-driven strategy offers a broader opportunity set for an unbenchmarked global fixed income portfolio.

Flexible allocation strategies across global fixed income markets add value in all economic and market conditions, by adding diversification while reducing volatility.

Absolute return global allocation strategies without a reference to a benchmark require disciplined risk monitoring and liquidity focus.

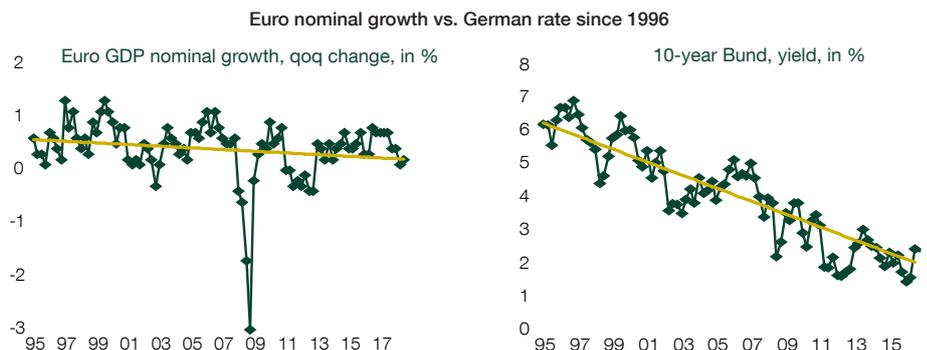
Fund concept

Using a top-down-driven allocation process across global credit and interest rate markets, UBAM - Absolute Return Low Vol Fixed Income seeks to provide a balanced risk/reward profile throughout macroeconomic and market cycles. The fund's agility in terms of fixed-income asset exposure, with no benchmark-related constraints and a liquidity bias, allows for a proactive allocation to the most attractive segments. The fund is designed to deliver excess return over cash in a zero or negative yield environment.

In this respect, the investment objective is to provide investors with fixed income-like returns even with rising interest rates. The fund's modified duration can vary from -2 to +4 years.

Asset allocation and portfolio construction are tightly risk-controlled to minimise drawdown and mitigate volatility. Risk management is at the core of the investment decision process through cross-checking between top-down risk-budgeting and bottom-up risk monitoring. In particular, the asset class' correlation dynamic in stressed scenarios is central to the risk budgeting. The investment team has a robust track record of risk-adjusted performance across macroeconomic cycles and financial market conditions.

Structural and demographic headwinds should keep yields low



Sources: Bloomberg Finance L.P., UBP, as of 31.03.2019.
Past performance is not indicative of future results



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Investment process

Investment process based on three dimensions

- ◆ Top-down: The team determines its investment views based on macroeconomic analysis, the identification of overarching market themes, and sentiment and valuation analysis.
- ◆ Asset allocation: The investment views are converted into a global asset allocation after a comprehensive risk review including volatility, correlation and drawdown analysis in normal and stress scenarios.
- ◆ Bottom-up: The portfolio construction is supported by fundamental credit research and relative value analysis. The team cross-checks and ensures consistency between the portfolio risk and the asset allocation risk analysis.

Investment guidelines

- ◆ Interest rate exposure: between -2 and +4 years
- ◆ Minimum security rating: B-
- ◆ Maximum non-investment-grade exposure: 50%
- ◆ Maximum EM exposure: 40%
- ◆ Maximum currency diversification: 30%

Investment team

- ◆ Fourteen-strong team overseeing CHF 18.2 billion worth of fixed-income assets as at 31 December 2018.
- ◆ An integrated team covering macroeconomic research, strategy and allocation, fundamental credit research, quantitative research, relative value research and trading & execution.
- ◆ 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 - Absolute Return Low Vol Fixed Income *
Legal form of the fund	Luxembourg-incorporated umbrella SICAV, UCITS
Launch date	19 June 2013
Bid/offer price	NAV
Currency	EUR (USD/CHF/GBP/SEK)
Subscription/redemption	Daily
Management fee	AP: 0.50%; IP: 0.25%
Performance fee	AP, IP; 20% if above Eonia +1% (hurdle)

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Input

1. TOP-DOWN	2. ASSET ALLOCATION	3. BOTTOM-UP
Macroeconomics analysis <ul style="list-style-type: none"> ◆ Cyclical and structural economic trends, monetary policies ◆ Politics and overarching market themes ◆ Sentiment & valuation analysis 	Risk analysis and sizing <ul style="list-style-type: none"> ◆ Volatility and correlation analysis ◆ Stress tests and drawdown scenarios 	Bottom-up credit research and valuation analysis <ul style="list-style-type: none"> ◆ Fundamental credit research ◆ Relative value: e.g. CDS vs. bond, or EUR vs. USD

Output

Investment views, e.g.	Asset allocation, e.g.	Portfolio
<ul style="list-style-type: none"> ▶ We are cautious on rates ▶ We like IG corporate spreads ▶ We like national champions in banking and high yield 	Duration -2 y +4 y High yield 0% 50% EM 0% 40% Non-EUR 0% 30%	<ul style="list-style-type: none"> ▶ Issuer selection ▶ Instrument selection ▶ Currency selection

Main risks

With lower risk, potentially lower rewards With higher risk, potentially higher rewards

1	2	3	4	5	6	7
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SRRI relates to the IPC EUR share class LU0940721409 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.

* Since 22 May 2018. Formerly UBAM - Unconstrained Bond.