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

UBAM – GLOBAL RESPONSIBLE CONVERTIBLE BOND

Drawing on the convex nature of convertible bonds within a responsible investment framework

The dual nature of convertible bonds – a bond instrument with an embedded conversion option – allows them to combine the defensive qualities of fixed-income securities with the upside potential of equities. This attractive feature is at the root of the asset class’ intrinsic convexity. UBAM – Global Responsible Convertible Bond aims to provide investors with the asymmetric risk–return profile of convertible bonds within a socially responsible investment (SRI) framework.

Key points

- *The combination of two areas of expertise: convertible bond management & extra-financial analysis*
- *A conviction-driven approach focused on companies combining strong financial value and high sustainability standards*
- *A cautious approach to credit risk embedded throughout the investment process*
- *Focus on sustainability issues with material impact on corporates’ performances, starting with climate risk*
- *Focus on quality companies with robust fundamentals, proven track records and visibility on profit growth potential*
- *Regional diversification across the main convertible bond markets (the US, Europe, Asia)*

Investment case

Convertible bonds have a long track record of delivering equity-like returns with much lower volatility and reduced drawdowns over the long term. This comes from their dual nature – a bond instrument with an embedded conversion option – which grants them an asymmetric risk–return profile relative to equities. The benefits of convexity make convertible bonds an “all-weather” asset class as regards portfolio construction. Besides this, being partly exposed to equities, convertible bonds have lower sensitivity to interest rate movements than straight bonds of identical duration.

The outlook for the asset class is highly favourable as an increasing number of companies are turning to convertibles for their financing needs and investors are increasingly seeing them as a valid alternative to both equities and bonds.

With UBAM – Global Responsible Convertible Bond, UBP offers access to convertible bonds’ intrinsic convexity for investors keen to expose some of their assets, through SRI, to issuers that value fairness and sustainability in investment.

Fund concept

UBAM - Global Responsible Convertible Bond seeks to capitalise on the convex nature of convertible bonds through a balanced aggregate sensitivity to equity markets and careful analysis of the credit risk. A global allocation enables investors to benefit from a wide range of investment opportunities, including companies with superior growth prospects and exposure to attractive secular trends (e.g. technology and healthcare).

Aside from convertible bonds’ most attractive features, the strategy promotes sustainability in investment through stringent environmental, social and governance (ESG) criteria. This leads the team to favour companies that stand out for their commitment to sustainable development, based on the assessment of four equally weighted pillars: climate risk, environmental strategy, social capital, and governance.

Extra-financial assessment of issuers



Investment process

We have a bottom-up, long-term, fundamental six-step approach geared towards convexity and sustainability in investment.

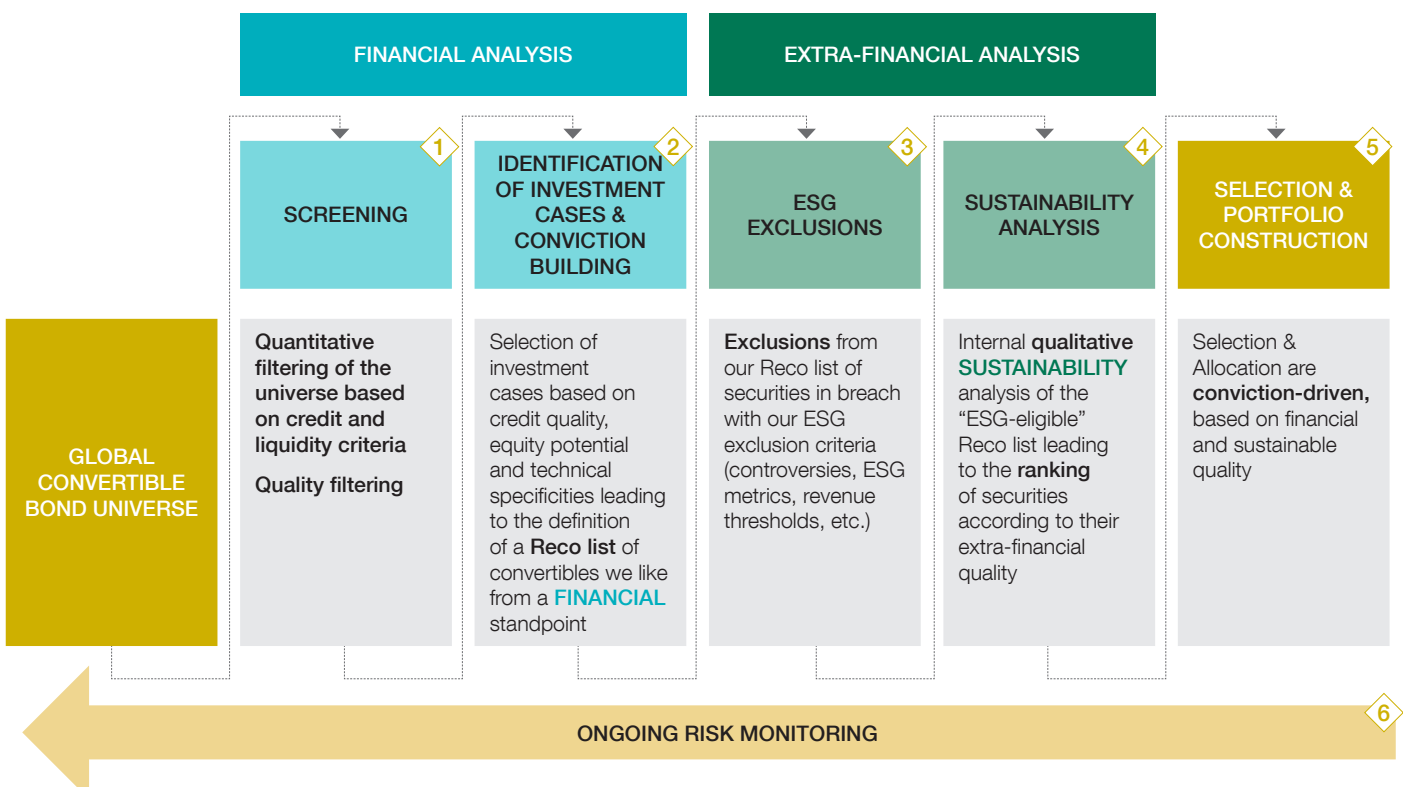
The first two steps of the process are dedicated to financial analysis:

1. Initial filtering of the universe according to credit, liquidity and quality criteria
2. Convertible bond analysis:
 - i) Comprehensive analysis of the issuers' credit quality with the primary objective being capital preservation over time
 - ii) Identification of convertible instruments whose underlying equity offers solid potential for appreciation over the mid-to-long term
 - iii) Analysis of convertible bond characteristics to assess asymmetrical pay-off, covering both quantitative (implied volatility, yield to maturity, etc.) and qualitative factors (prospectus clauses, liquidity, etc.)

The combination of these two steps leads to the definition of a recommendation list of convertibles we like from a financial standpoint.

The following two steps are dedicated to the extra-financial analysis:

3. It starts with the exclusion, from our recommendation list, of securities in breach of the internally defined ESG exclusion criteria
4. The extra-financial analysis is then purely qualitative, based on the team's assessment of four pillars (climate risk, environmental strategy, social capital and governance)
5. As a fifth step, the portfolio construction is discretionary and conviction-driven, based on financial and sustainability qualities.
6. The portfolio's aggregate sensitivities are monitored on an ongoing basis, alongside the team's investment cases.



Investment team

- UBP has been active in the management of convertible bond strategies since 1999
- UBP's Convertible Bonds team is composed of nine dedicated investment professionals, including six portfolio managers, one of which is dedicated to extra-financial analysis
- The team can also rely on a data manager and two investment specialists

Investment guidelines*

- Scope: global allocation across the main convertible bond markets (US, Europe, Asia)
- Stringent sustainability investment criteria
- Bias towards instruments with higher credit quality
- Benchmark: Refinitiv Global Hedged Convertible Bond (EUR)

SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the IC EUR share class LU2256754222 as of 20.12.2022 and may differ for other share classes of the same fund.

This indicator represents the fund's annual historical volatility. The level assigned reflects the risk/return profile: 1: lowest; 2: low; 3: limited; 4: average/moderate; 5: high; 6: very high; 7: highest.

Historical data such as that used to calculate the SRRI cannot be considered 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.

General information

Name	UBAM - Global Responsible Convertible Bond
Legal form	Sub-fund of UBAM, Luxembourg-domiciled SICAV, UCITS
Base currency	EUR
Currency-hedged share classes	CHF, GBP, SEK, USD
Cut-off time	13:00 (LU time)
Inception date	21.01.2021
Minimum investment	None
Liquidity	Daily
Applicable management fee ¹	AC EUR: 1.00%; IC EUR: 0.55%; UC EUR: 0.55%
Registered countries ²	CH, DE, ES, FR, IT, LU, NL, PT, SG, UK

ISIN	AC EUR: LU2256753257; IC EUR: LU2256754222 UC EUR: LU2256756193
Bloomberg ticker	AC EUR: UBSCVAC LX; IC EUR: UBSCVIC LX
Investment manager	Union Bancaire Gestion Institutionnelle (France) SAS
Depositary bank	BNP Paribas SA, Luxembourg Branch
Administrator	CACEIS Bank, Luxembourg Branch

¹Only the main share classes are mentioned. Available share classes include I: Institutional; U: RDR-compliant; C: Capitalisation. Others are available.

²Please check availability before subscribing as not all share classes are registered in all jurisdictions. Subscriptions can only be made on the basis of the Fund's current Key Investor Information Document (KIID), full prospectus, and latest available audited annual report – as well as the latest semi-annual report, if published subsequently. These documents can be obtained free of charge from the Fund's headquarters, general distributor (Union Bancaire Privée, UBP SA, Geneva), or local representative for the country concerned.

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