

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

UBAM - EUROPE SMALL CAP EQUITY

Focus on long-term capital growth of small- and mid-cap companies

The fund aims to provide long-term capital growth through a diversified portfolio of investments in small and mid-sized pan-European companies.

Key points

- ◆ *Diversified portfolio of small and mid-sized European companies*
- ◆ *Focus on well-financed, high-quality companies which deliver sustainable growth over the long term*
- ◆ *Use the inherent inefficiencies of small- and mid-cap companies to our advantage*
- ◆ *Invest with a long-term investment horizon*
- ◆ *Avoid the low-returning, badly-managed "graveyard" companies*

Investment case

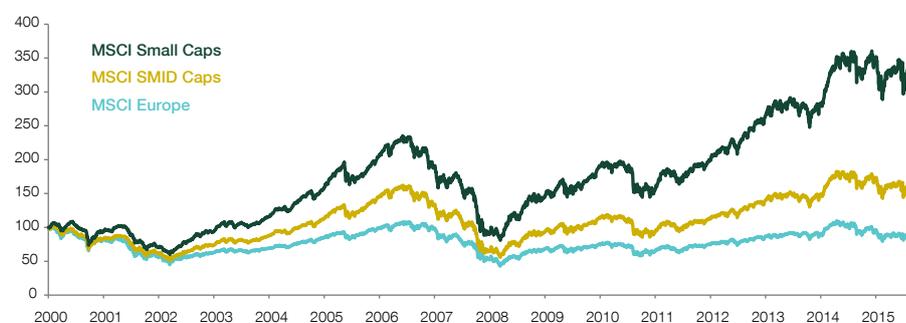
There are ongoing signs of recovery in a number of European economies and European equity valuations look attractive relative to other asset classes. The small- and mid-cap playing field in Europe is an under-covered and poorly-researched area of the market compared to large caps. Smaller companies have historically provided strong returns to investors over the long term, despite the reverse survivorship bias of the best companies leaving the universe. Higher levels of innovation and a smaller base effect than larger companies also provide a good foundation for higher rates of growth. Moreover, smaller companies often operate in niche areas of the market which tend to fly under the radar of many larger companies and hence offer the prospect of extended periods of competitive advantage. Last but not least, the selective small-cap investor stands a good chance of being able to avoid the worst companies (so-called "graveyard" stocks) and focus on companies that are well positioned to become bigger in the future.

Fund concept

The prime focus of the fund is to invest in strongly-financed, well-managed, competitive, small- and mid-sized companies which demonstrate a strong ability to sustain attractive returns on capital and which the manager believes have good prospects to grow bigger companies during the investment time horizon.

The manager will invest in between 40 and 60 companies, ensuring that each holding is of material size within the portfolio but providing sufficient diversification benefits at this end of the market-capitalisation spectrum.

Performance history of small and mid caps versus large caps



Sources: UBP
Past performance is not indicative of future results



Investment process

- ◆ Portfolio: 40–60 stocks
- ◆ Criteria: high conviction, active weighting, liquidity, volatility
- ◆ For high-conviction stocks we start an initial position of 2%–2.5% and a maximum size of 3–3.5%
- ◆ The average unit size is 1.7–2.0% of the portfolio
- ◆ For the other stocks we start with an initial position of 0.5–1% and a maximum size of 1%.



- ◆ Conferences and trade events
- ◆ Quantitative & qualitative filters
- ◆ Team interaction

- ◆ Fundamental research
- ◆ Company meetings

Watch list



Portfolio of 40-60 stocks

- ◆ Constant portfolio review
- ◆ Sell discipline
- ◆ Risk management

Investment guidelines

- ◆ Diversified portfolio of 40–60 stocks
- ◆ Benchmark: MSCI Europe Small and Mid Cap Equity
- ◆ Expected tracking error: 4–5.5%
- ◆ Investment universe: EUR 200 mn–EUR 3 bn market cap

Investment team

- ◆ The lead fund manager of this fund is Charles Anniss, who has 18 years of investment experience and an excellent track record in investing in European small and mid caps
- ◆ Ideas and information are regularly exchanged with other investment teams within UBP
- ◆ He is backed up and supported by UBP's European Equities team consisting of six investment professionals
- ◆ He is fully supported by a European equity dealer

General information

Fund name	UBAM
Sub-fund name	UBAM – Europe Small Cap Equity
Legal form of the fund	SICAV of Luxembourg Law – UCITS V
Launch date	16 December 2016
Bid/offer price	NAV
Currency	EUR
Subscription/redemption	Daily
Management fee	A= 1.50% I= 1 % U : 1.00%
Management company	UBP Asset Management (Europe) S.A.

Main risks



The Synthetic Risk and Reward Indicator (SRRRI) relates to the IC EUR share class LU1509919277 as at 31.01.2019. This indicator represents the annual historical volatility of the fund.

The risk category reflects the risk/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 SRRRI 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.

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Rue du Rhône 96-98 | P.O. box 1320 | 1211 Geneva 1 | Switzerland | ubp@ubp.com | www.ubp.com