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Fund classification under the Sustainable Financial Disclosure Regulation (SFDR): Article 6

## U ACCESS – CHINA CONVERTIBLE BOND

### Low-volatility exposure to the booming Chinese onshore equity market

The dual nature of convertible bonds – namely 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. Through investment in convertible bonds, U Access – China Convertible Bond provides investors with exposure to the fast-growing Chinese onshore market in a lower volatility format than with direct equity investing.

#### Key points

- *Innovative, low-volatility access to the Chinese A-share market*
- *Exposure to mainland China's booming convertible bond market through an actively managed strategy*
- *An outstanding convex profile since inception*
- *Access to smaller companies at an earlier stage of their growth cycle*
- *Liquid and diversified exposure to the onshore convertible bond market*
- *The combination of UBP Shanghai's onshore and UBP Paris's convertible bond expertise*

#### Investment case

Mainland China has grown significantly to become the world's **second-largest stock market**. Yet, the country remains under-represented in most asset allocations, in contrast to the **unique growth prospects** it offers. Its domestic consumption driven by a growing middle class, capacity for technological innovation and further financial reform make China a **prime candidate for long-term investment**. The heavy influence of local retail investors, however, make A-share equity markets highly speculative and volatile.

Convertible bonds give investors access to A-shares' unique growth **prospects in a lower volatility format** than with direct equity investing. Mainland China's convertible bond market has reported **exponential growth** in the past five years, creating a deep and diversified investment pool.

#### Fund concept

U Access – China Convertible Bond seeks to provide **diversified and liquid** access to the **Chinese on-shore** convertible bond market through an actively managed strategy based on an innovative **systematic** selection and allocation approach. A rule-based process appears best-suited to exploit the opportunities of a highly speculative and volatile market such as in mainland China due to its large share of retail investors.

The selection process consists in screening the Chinese onshore convertible bond market based on **liquidity, credit quality and idiosyncratic criteria**. These criteria are predefined by UBP's Shanghai investment team, leveraging on their local knowledge of the Chinese market, and validated by UBP's Paris Convertible Bond team to ensure full consistency with the team's DNA. The allocation protocol is based on **self-leveraging quantitative criteria** to generate a **stable and liquidity-enhanced representation** of the overall Chinese onshore convertible bond market.

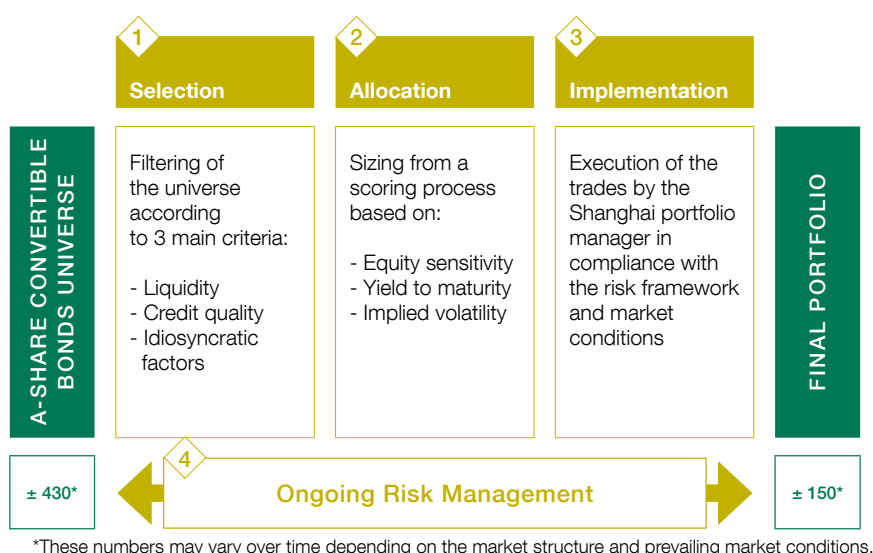
#### Investment team

- UBP has been active in the management of convertible bond strategies since 1999
- Its Convertible Bond team is composed of 6 senior portfolio managers incl. one dedicated to mainland China based out of UBP's Shanghai premises
- The Bank was granted RQFII quotas in October 2015

## Investment process

The U Access – China Convertible Bond strategy is managed according to a **dedicated and systematic four-step** process.

- Screening:** We use a set of **liquidity, credit quality and idiosyncratic** factors to screen the market and filter out the securities most likely to be **affected by exogenous shocks**. All eligible securities identified will be part of the final portfolio.
- Allocation:** This process follows two distinct protocols:
  - For the “core” portfolio (> 90% of the AUM), the target weight of each selected convertible bond is derived from its average ranking, based on four equally weighted metrics (equity sensitivity, yield-to-maturity, implied volatility, liquidity) to target a **stable exposure** to the overall convertible bond market and minimum allocation bias.
  - Up to 10% AUM (the “leeway”) can be invested in a diversified bucket of more equity-sensitive convertible bonds, to **amplify the momentum**. The size of the leeway bucket aims to reflect the weight of high-delta names within the universe.
- Implementation:** The portfolio manager is responsible for the execution of the trade orders in compliance with the strategy’s risk framework. The portfolio is rebalanced monthly. Intra-month trades only occur in very specific cases (e.g. early redemption of a security).



- Risk management** is performed on an **ongoing basis**, in collaboration between the portfolio management and the Paris-based risk management teams, whilst ensuring **full independence** between the pre-trade and post-trade checks.

## Investment guidelines\*

- Onshore convertible bonds only
- Systematic, rule-based selection and allocation
- Focus on diversification, liquidity, and credit quality
- Monthly portfolio rebalancing, weekly liquidity
- No benchmark

## Main Risks

Counterparty, Credit, Currency, Liquidity, Political & Social.

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	U ACCESS – China Convertible Bond
Legal form	Sub-fund of U ACCESS, Luxembourg-domiciled SICAV, UCITS
Base currency	CNH
Available currencies	AUD, CHF, EUR, GBP, HKD, SGD, USD
Cut-off time	Noon (LU time)
Inception date	30.03.2021
Minimum investment	None
Liquidity	Weekly
Management fees <sup>1</sup>	AC CNH: 1.00% IC CNH: 0.65% UC CNH: 0.65%
Registered countries <sup>2</sup>	AT, CH, DE, ES, FR, IT, LU, NL, SG, UK
ISIN codes	AC CNH: LU2065541422 IC CNH: LU2065543394 UC CNH: LU2065545092

Bloomberg codes	AC CNH: UACNACR LX IC CNH: UACNICR LX
Investment manager	Union Bancaire Gestion Institutionnelle (France) SAS
Custodian	BNP Paribas SA, Luxembourg Branch
Administrator	CACEIS Bank, Luxembourg Branch

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

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