

For Professional Investors in Switzerland or Professional Investors as defined by the relevant laws

## UBAM – EMERGING MARKETS FRONTIER BOND

**Benefit from attractive yields, strong risk-adjusted return potential and a high level of diversification by investing in issuers from the world's most dynamic EM frontier countries**

UBAM – Emerging Markets Frontier Bond invests primarily in bonds issued by sovereign and quasi-sovereign entities domiciled in, or linked to, frontier countries, and denominated in hard currencies. It is actively managed and aims to take advantage of the attractive yields offered by these under-researched issuers.

### Key points

- *Invest in issuers from some of the fastest-growing economies in the world*
- *Benefit from the attractive yields and strong risk-adjusted return potential offered by these under-researched markets*
- *Active management based on thorough fundamental sovereign analysis*
- *Experienced investment team with a proven track record in managing EM fixed-income products*

### Investment case

Frontier markets are fast-growing emerging economies with typically smaller external debt markets than traditional EM (BRICS) countries. These markets offer a compelling investment opportunity, with returns which have demonstrated their ability to outpace both broader EM sovereign and developed high-yield bond markets.

Indeed, while these countries are amongst the most dynamic in the world, they are often disregarded by investors due to risk-averseness or a lack of research. This results in attractive risk premia, which have historically over-compensated investors given the historically relatively low sovereign default rates and high recovery values.

In addition, thanks to their unique characteristics, frontier bond markets can offer strong diversification benefits when added to a traditional balanced portfolio.

### Fund concept

The fund invests primarily in bonds issued by sovereign and quasi-sovereign entities domiciled in, or linked to, frontier countries, and denominated in hard currencies.

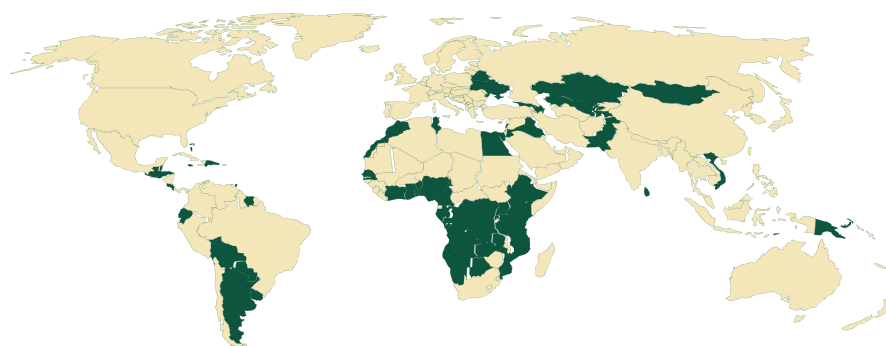
It is actively managed with thorough fundamental sovereign analysis and an explicit focus on assessing restructuring risk and recovery potential.

The team also pays attention to the countries' ability to make and implement good policies, which is a critical factor in creating and achieving inclusive growth and, in turn, leads to improved fiscal metrics and credit performance.

Up to 20% may be invested in EM corporate bonds and local debt to increase diversification.

Subscriptions and redemptions are daily.

### Frontier markets around the world



Sources: UBP, freeworldmaps.net. For illustration purposes only. Investments will be made primarily, but not exclusively, in issuers from the frontier markets highlighted in the map

## Investment process

- Sovereign credit selection is the primary pillar of the EM frontier bond management process.
- Each country is reviewed in depth by the Sovereign Committee, including macroeconomic developments, policy-making, politics, technicals, and market factors, using both fundamental research and proprietary quantitative tools.
  - Where necessary, a further analysis predicated on the IMF Debt Sustainability Framework is carried out.
  - Security selection involves a detailed review of the instrument's characteristics and relative value.
- Particular focus is placed on strict risk-management, diversification and liquidity.

## Investment guidelines

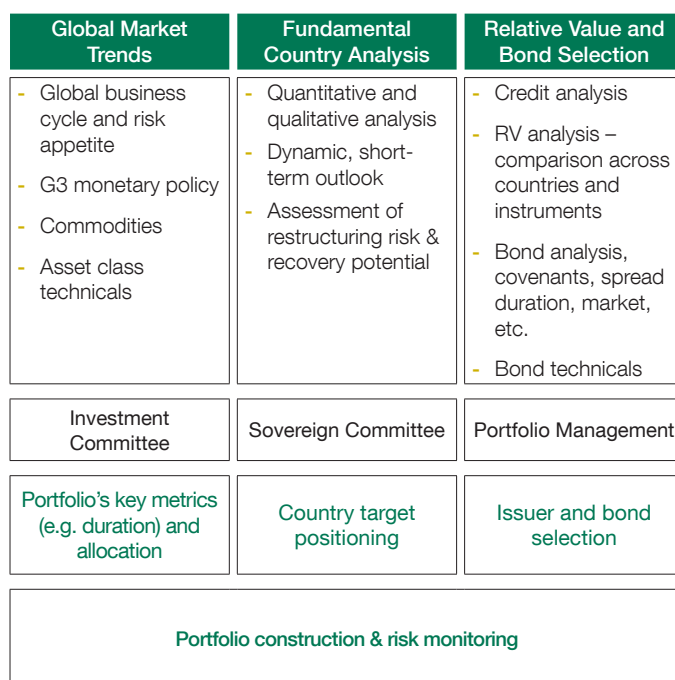
- No rating constraint
- No benchmark
- Interest rate duration: 5–8 years
- Maximum total allocation to non-sovereign and non-quasi-sovereign bonds denominated in hard currency (corporate bonds or bonds denominated in local currency): 20%
- Derivatives are only used for hedging purposes (with the exception of FX-related derivatives, such as NDFs)

## Investment team

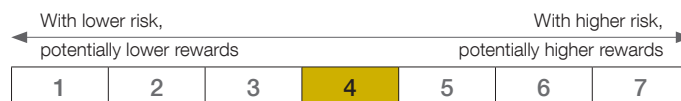
- A seasoned team of eight professionals entirely devoted to emerging markets, including three portfolio managers, four credit analysts and one macro & FX strategist
- Supported by UBP's global presence and research teams

## General information

Name	UBAM - Emerging Markets Frontier Bond
Legal form	Sub-fund of UBAM, Luxembourg Domiciled SICAV, UCITS
Base currency	USD
Currency-hedged share classes	CHF, EUR, GBP, HKD, SEK, SGD
Cut-off time	13:00 (LU time)
Inception date	31.03.2020
Minimum investment	None
Liquidity	Daily
Applicable management fee <sup>1</sup>	APC USD: 1.0%; IC USD: 0.75%; UPC USD: 0.40%



## SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the IC USD share class LU2051721905 as of 31.03.2020 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.

Registered countries <sup>2</sup>	AT; BE; DE; DN; ES; FI; FR; IT; LU; NL; NO; SE; SG; UK
ISIN	APC USD: LU2051717200 IC USD: LU2051721905 UPC USD: LU2051728744
Bloomberg ticker	N/A
Investment manager	Union Bancaire Privée, UBP SA
Depository bank	BNP Paribas Securities Services, Luxembourg Branch
Administrator	CACEIS Bank, Luxembourg Branch

<sup>1</sup>Only the main share classes are mentioned. Available share classes include A: Standard; I: Institutional; U: No entitlement to retrocessions / RDR-compliant; C: Capitalisation; P: Performance-fee. Others are available. The Fund is not managed in reference to a benchmark.

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