

U ACCESS (IRL) GCA CREDIT LONG/SHORT UCITS

Quarterly Comment

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

The classification of the fund(s) as per the Sustainable Finance Disclosure Regulation (SFDR) is available on ubp.com or in the latest prospectus

Market Comment

- The first quarter of 2022 saw a broad selloff across risky assets, except for commodities. Both global equities and bonds were down mid-to-high single digits for the quarter, despite two-week rally at the end of March. Concerns about economic implications of the Russian invasion Ukraine, as well as the high levels of inflation and their impact on the pace of interest rates increases negatively impacted equities and bonds. On the equity side, the rotation from growth to value continued, as investors re-assess the level of multiples to be applied to high growth assets. In terms of geography, Europe and EM underperformed, while Japan and the UK outperformed.
- Equity volatility remained relatively high during the quarter, as investors tried to grasp the effects of the drastic sanctions, and the effects of higher commodity prices and supply chain disruptions on the economy. On the fixed income side, the strong shift in central bank policy as a result of persistently high inflation and strong economic data led to a continuation of the flattening of the yield curve. Some parts of the curve even inverted which could suggest we are heading towards a recession.
- This market environment should provide an interesting set of opportunities for our U Access (IRL) GCA Credit Long/Short UCITS fund, a Long/Short corporate credit strategy focusing primarily on high yield, distressed and investment grade opportunities, largely in the US. This strategy enables investors to expand the opportunity set offered by traditional credit, by taking advantage of current dispersion in the market, offering opportunities both the long and short side.

Sources: UBP, Bloomberg Finance LP, BofA Merrill Lynch

Performance Review

- For the first quarter of 2022, U Access (IRL) GCA Credit Long/Short UCITS returned (0.25%) (Class B USD, net of fees). During the period, the long strategy contributed (2.74%), the short strategy contributed +1.88%, and net interest carry contributed +0.62%, all expressed on a net of fees basis.
- The portfolio's largest contributing issuer for the quarter was a short position in U.S. Treasury bonds with maturities ranging from 4 to 10 years. During the quarter, the portfolio's short U.S. Treasury bond position acted as a general interest rate hedge against many single-name long positions. Given the substantial increase in interest rates resulting from the continued hawkish tone from the Fed and Ukrainian conflict, this hedge acted as expected and remains intact through the date of this letter.
- The second-largest contributing issuer for the period was a long position in a U.S. oil refiner and supplier. The portfolio gained from price appreciation on its long position in the discounted unsecured bonds in the company which benefitted from higher gasoline and diesel prices, improving refining margins, and a decrease in operating costs from federal renewable energy mandates. During the period, the company announced fourth quarter and full-year 2021 earnings that were better than expected, so that the bonds moved up in price, and the position was closed out at a profit.



- The third-largest contributing issuer for the period was a short position in a diet and weight management services company. The portfolio's short position in the bonds of the company benefited from the declining trend in the company's membership subscriptions and the public movement away from dieting during the pandemic, as well as a downgrade in credit ratings from Moody's and S&P, and a series of downgrades and decreases in price targets for the company's equity. During the period, the company announced fourth quarter earnings in which revenue missed expectations for the third straight quarter, and its first quarter 2022 and full-year 2022 financial outlooks were below expectations. The investment team continues to believe that the downward trend of the company's membership will continue and has kept this short position intact through the date of this letter.
 - On the negative side, the portfolio's largest detracting issuer for the quarter was a long position in a cable and telecommunications service provider. Despite the company reporting quarterly earnings broadly in line with expectations, the long position declined in price due in part to the continued market sell-off, particularly within the technology, media, and telecommunications sector, and rising interest rates during the period. Additionally, the company announced full-year 2022 guidance during the period which highlighted the company's further investment of free cash flow into its broadband network, which along with growing competition has led to a series of analyst downgrades and decreases in price targets across the cable industry. The investment team's view on this long position remains unchanged as the underlying fundamentals for broadband growth in the long term should continue and, as such, this long position remains intact through the date of this letter.
 - The second-largest detracting issuer for the period was a long position in a data management company that provides data backup and recovery solutions. This long position declined in price during the period after the company reported disappointing quarterly results, highlighted by a decrease in revenues (after having reported strong earnings results for the three quarters prior), and also provided detail on the costs and challenges of its strategic repositioning from legacy data centers to a public cloud and subscription-based revenue model. The investment team believed that this strategic repositioning would cause further downside in the bonds and closed out the position at a loss during the period.
 - The third-largest detracting issuer for the period was a long position in a managed care and specialty healthcare services company focused on under-insured and uninsured individuals. Although the company announced solid quarterly earnings results during the period, the long position in the bonds declined in price due in part to the sharp rise in interest rates during the period, although this loss was somewhat offset by gains on the Treasury bond shorts noted above. The investment team's view on this long position remains unchanged, as the underlying fundamentals of the business remain strong and the company appears to be on track to investment grade credit ratings from both ratings agencies. As such, this long position remains intact through the date of this letter.
- Given the period's significant rise in U.S. interest rates and ongoing volatility in commodity and equity prices (amid the continued hawkish tone from the Fed and Ukrainian conflict), long exposure in the portfolio was reduced while short exposure in various portfolio hedges was increased. The high yield market, as measured by the ICE BofAML US Cash Pay High Yield Index, had a negative return for the quarter of (4.5%) as high yield bond spreads widened by 27 basis points, the yield on the ten-year U.S. Treasury increased by 83 basis points and the yield on the five-year U.S. Treasury increased by 120 basis points. Gross exposures at the end of January, February, and March 2022 measured +121%, +104%, and +116%, respectively, while net exposures at the same periods measured +33%, +30%, and +20%, respectively.

Portfolio Activity



Q1 2022

- At a more granular level, the long portfolio activity included reducing positions in the Information Technology and Cable/Wireless Video sectors among others and adding more relative value positions within the Gaming/Leisure and Retail sectors among others, as well as higher coupon, shorter-duration bonds that are likely candidates for refinancing at a premium to their call prices within the Energy, Healthcare, and Gaming/Leisure sectors among others.
- At the overall portfolio level, the exposures at the end of March 2022 were +116% gross and +20% net (as mentioned above), with +68% long exposure and -48% short exposure.
- The largest long sector exposures at the end of the quarter were (in order) Energy, Gaming/Leisure, Healthcare, Cable/Wireless Video, and Information Technology.
- The largest short sector exposures at the end of the quarter were (in order) Other (risk mitigants), Energy, Healthcare, Gaming/Leisure, and Information Technology.

Outlook

- Near-term market challenges remain, with central banks maintaining a more hawkish view, the continuing Ukrainian conflict, continued interest rate volatility, high inflation, and somewhat rich valuations. With rising Treasury yields, sharply higher inflation, and supply chain issues, the investment team has many reasons to remain cautious on fixed-rate corporate bonds. That said, with low default rates and credit agency rating upgrades on the rise, there is some fundamental justification for the current level of credit spreads, and the recently higher absolute yield levels appear to be more attractive to certain yield-oriented investors.
- In this environment, the investment team still foresees opportunity on both the long and short sides of the portfolio due to the dispersion which often occurs within corporate credit markets in uncertain interest rate environments. On the long side, the investment team continues to find select opportunities in short-dated refinancing plays of high-coupon debt, while deemphasizing longer-duration longs due to their greater interest rate sensitivity. On the short side, in addition to certain macro shorts, the investment team continues to seek opportunities in deteriorating companies and in those issuers that have too much priced-in confidence in their ability to pass through rising costs. With rising commodity and transportation costs, labor shortages, and supply chain disruptions, certain highly leveraged companies will likely struggle to meet investor expectations, setting the stage for continued positive attribution from the short side of the portfolio.

Disclaimer

This is a marketing document and is intended for informational and/or marketing purposes only. It is confidential and is intended to be used only by the person(s) to whom it was delivered. It may not be reproduced (in whole or in part) or delivered, given, sent or in any other way made accessible, to any other person without the prior written approval of Union Bancaire Privée, UBP SA or any entity of the UBP Group (UBP). This document reflects the opinion of UBP as of the date of issue. This document is for distribution only to persons who are Professional clients in Switzerland or Professional Clients or an equivalent category of investor as defined by the relevant laws (all such persons together being referred to as "Relevant Persons"). This document is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. It is not intended for distribution, publication, or use, in whole or in part, in any jurisdiction where such distribution, publication, or use would be unlawful, nor is it directed at any person or entity at which it would be unlawful to direct such a document. In particular, this document may not be distributed in the United States of America and/or to US persons (including US citizens residing outside the United States of America). This document has not been produced by UBP's financial analysts and is not to be considered financial research. It is not subject to any guidelines on financial research and independence of financial analysis. Reasonable efforts have been made to ensure that the content of this document is based on information and data obtained from reliable sources. However, UBP has not verified the information from third sources in this document and does not guarantee its accuracy or completeness. UBP makes no representations, provides no warranty and gives no undertaking, express or implied, regarding any of the information, projections or opinions contained herein, nor does it accept any liability whatsoever for any errors, omissions or misstatements. The information contained herein is subject to change without prior notice. UBP gives no undertaking to update this document or to correct any inaccuracies in it which may become apparent. This document may refer to the past performance of investment interests. Past performance is not a guide to current or future results. The value of investment interests can fall as well as rise. Any capital invested may be at risk and investors may not get back some or all of their original capital. Any performance data included in this document does not take into account fees, commissions, and expenses charged on issuance and redemption of securities, nor any taxes that may be levied. Changes in exchange rates may cause increases or decreases in investors' returns. All statements other than statements of historical fact in this document are "forward-looking statements". Forward-looking statements do not guarantee future performances. The financial projections included in this document do not constitute forecasts or budgets; they are purely illustrative examples based on a series of current expectations and assumptions which may not eventuate. The actual performance, results, financial condition and prospects of an investment interest may differ materially from those expressed or implied by the forward-looking statements in this document as the projected or targeted returns are inherently subject to significant economic, market and other uncertainties that may adversely affect performance. UBP also disclaims any obligation to update forward-looking statements, as a result of new information, future events or otherwise. The contents of this document should not be construed as any form of advice or recommendation to purchase or sell any security or funds. It does not replace a prospectus or any other legal documents, which can be obtained free of charge from the registered office of the fund(s) mentioned herein or from UBP. The opinions herein do not take into account individual investors' circumstances, objectives, or needs. Each investor must make their own independent decision regarding any securities or financial instruments mentioned herein and should independently determine the merits or suitability of any investment. In addition, the tax treatment of any investment in the fund(s) mentioned herein depends on each individual investor's circumstances. Investors are invited to carefully read the risk warnings and the regulations set out in the prospectus or other legal documents and are advised to seek professional counsel from their financial, legal and tax advisors. The tax treatment of any investment in a fund depends on the investor's individual circumstances and may be subject to change in the future. This document should not be deemed an offer nor a solicitation to buy, subscribe to, or sell any currency, funds, products, or financial instruments, to make any investment, or to participate in any particular trading strategy in any jurisdiction where such an offer or solicitation would not be authorised, or to any person to whom it would be unlawful to make such an offer or solicitation. Telephone calls to the telephone number stated in this presentation may be recorded. UBP will assume that, by calling this number, you consent to this recording.

Pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "Disclosures Regulation" or "SFDR"), funds are required to make certain disclosures. Funds falling under the scope of Article 6 of the SFDR are those which have been deemed not to pursue an investment approach that explicitly promotes environmental or social characteristics or has sustainable investment as their objective. Notwithstanding this classification, the Investment Managers may take account of certain sustainability risks as further described in the fund's prospectus. Funds falling under the scope of Articles 8 or 9 of the SFDR are those subject to sustainability risks within the meaning of the SFDR. The sustainability risks and principal adverse impacts as stipulated in the SFDR are described in the prospectus. In addition, unless otherwise specified, all funds apply the UBP Responsible Investment Policy, which is available on <https://www.ubp.com/en/investment-expertise/responsible-investment>.

Any subscriptions not based on the funds' latest prospectuses, KIIDs, annual or semi-annual reports or other relevant legal documents (the "Funds' Legal Documents") shall not be acceptable. The Funds' Legal Documents may be obtained free of charge from Union Bancaire Privée, UBP SA, 96-98 rue du Rhône, P.O. Box 1320, 1211 Geneva 1, Switzerland (UBP), from UBP Asset Management (Europe) S.A., 287-289 route d'Arlon, 1150 Luxembourg, Grand Duchy of Luxembourg, and from Union Bancaire Gestion Institutionnelle (France) SAS, 116 avenue des Champs-Élysées, 75008 Paris, France. The Swiss representative and paying agent of the foreign funds mentioned herein is UBP. The Funds' Legal Documents may be obtained free of charge from UBP, as indicated above.

This content is being made available in the following countries:

Switzerland: UBP is authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority (FINMA). The head office is Union Bancaire Privée, UBP SA, 96-98 rue du Rhône, P.O. Box 1320, 1211 Geneva 1, Switzerland. ubp@ubp.com | www.ubp.com

United Kingdom: UBP is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA.

France: Sales and distribution are carried out by Union Bancaire Gestion Institutionnelle (France) SAS, a management company licensed with the French Autorité des Marchés Financiers, - licence n° AMF GP98041 ; 116, av. des Champs Elysées | 75008 Paris, France T +33 1 75 77 80 80 Fax +33 1 44 50 16 19 www.ubpamfrance.com.

Hong Kong: UBP Asset Management Asia Limited (CE No.: AOB278) is licensed with the Securities and Futures Commission to carry on Type 1 – Dealing in Securities, Type 4 – Advising on Securities and Type 9 – Asset Management regulated activities. The document is intended only for Institutional or Corporate Professional Investor and not for public distribution. The contents of this document have not been reviewed by the Securities and Futures Commission in Hong Kong. Investment involves risks. Past performance is not indicative of future performance. Investors should refer to the fund prospectus for further details, including the product features and risk factors. The document is intended only for Institutional Professional Investor and not for public distribution. The contents of this document and any attachments/links contained in this document are for general information only and are not advice. The information does not take into account your specific investment objectives, financial situation and investment needs and is not designed as a substitute for professional advice. You should seek independent professional advice regarding the suitability of an investment product, taking into account your specific investment objectives, financial situation and investment needs before making an investment. The contents of this document and any attachments/links contained in this document have been prepared in good faith. UBP Asset Management Asia Limited (UBP AM Asia) and all of its affiliates accept no liability for any errors or omissions. Please note that the information may also have become outdated since its publication. UBP AM Asia makes no representation that such information is accurate, reliable or complete. In particular, any information sourced from third parties is not necessarily endorsed by UBP AM Asia, and UBP AM Asia has not checked the accuracy or completeness of such third party information.

Singapore: This document is intended only for accredited investors and institutional investors as defined under the Securities and Futures Act (Cap. 289 of Singapore) ("SFA"). Persons other than accredited investors or institutional investors (as defined in the SFA) are not the intended recipients of this document and must not act upon or rely upon any of the information in this document. The financial products or services to which this material relates will only be made available to clients who are accredited investors or institutional investors under the SFA. This document has not been registered as a prospectus with the MAS. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of this product may not be circulated or distributed, nor may the product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to institutional investors under Section 274 or 304 of the Securities and Futures Act (Cap. 289) of Singapore ("SFA"), (ii) to relevant persons pursuant to Section 275(1) or 305(1), or any person pursuant to Section 275(1A) or 305(2) of the SFA, and in accordance with the conditions specified in Section 275 or 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. This advertisement has not been reviewed by the Monetary Authority of Singapore.

MSCI : Although Union Bancaire Privée, UBP SA information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.