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

UBAM – SWISS SMALL AND MID CAP EQUITY

Accessing global growth opportunities through high-quality Swiss small- and mid-cap stocks

UBAM - Swiss Small and Mid Cap Equity is a concentrated portfolio of the investment team's high-conviction ideas in the Swiss non-large cap space. Those companies tend to have globally-exposed revenue streams, manufacture high value-added products and/or occupy specialised market segments in which they are often leaders.

Key points

- *Swiss small and mid caps offer exposure to global growth through solid, well-managed companies with high value-added products and services*
- *High-conviction, concentrated portfolio of the team's best ideas in a market with compelling opportunities for talented stock-pickers*
- *Lipper Fund Awards Europe for the investment team's flagship fund UBAM - Swiss Equity: Best Swiss Equity Fund over 10 years (2014–2018) and over 3 and 5 years (2013–2016)*
- *Lipper Fund Awards Austria for the investment team's flagship fund UBAM - Swiss Equity: Best Swiss Equity Fund over 5 and 10 years (2017, 2018) and over 10 years (2017, 2018, 2019)*

Investment case

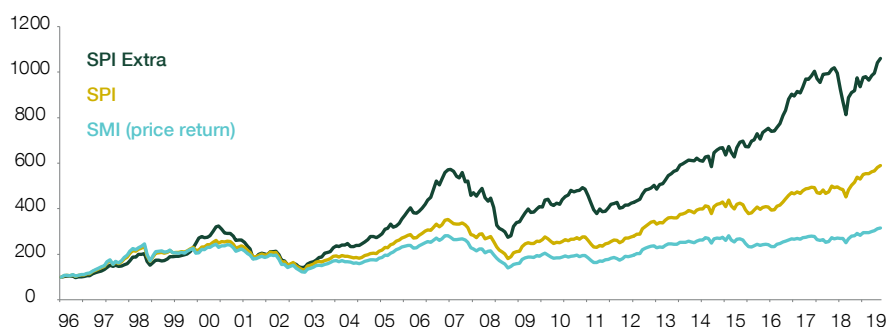
Swiss companies are known for being large globally-dominant firms – often household names in their industry. But the Swiss small- and mid-cap space also contains market-leading companies, generally catering to more niche industry segments globally. They tend to be operationally efficient, due to a persistently strong Swiss franc forcing them to focus on competitive advantages, and dedicated to generating good stakeholder value, as a result of a strong culture of investing in domestic equities which rewards disciplined management.

Consequently, the SPI Extra (the Swiss small- and mid-cap index) has demonstrated strong long-term returns, driven by generally higher underlying growth rates, while both the SPI and the SPI Extra have delivered significantly higher returns than global equity markets. The SPI Extra contains all Swiss-listed stocks excluding the 20 largest ones (which constitute the SMI) and is well-diversified from both a stock and a sector perspective.

Fund concept

UBAM - Swiss Small and Mid Cap Equity is a relatively concentrated portfolio – 40–60 positions – of the team's highest-conviction small- and mid-cap names. The team aims to identify leading companies in terms of value creation along the Cash Flow Return on Investment (CFROI®) life cycle. The CFROI® life cycle framework is at the base of the team's fundamental company valuation approach. The team seeks to identify three particular types of stocks: "growing" companies' stocks whose potential is underestimated by the market, companies generating consistently high CFROI®s able to 'beat the fade' in returns over time, and "turnaround" companies able to restructure in difficult times. The fund aims to outperform the SPI Extra, driven by a bottom-up approach with active management of the portfolio tracking error, which generally ranges between 4% and 8%.

Strong absolute and relative long-term returns for Swiss small and mid-caps



*Source: ©Credit Suisse Holt

Sources: UBP, Bloomberg Finance L.P. as of 31.12.2019
Past performance is not indicative of future results

Investment process

- The bottom-up analysis involves detailed fundamental and quantitative research including ESG criteria, and regular company meetings. The team seeks to identify long-term return potential which is not yet reflected in valuations, by understanding the competitive advantages and management capabilities of each company.
- The top-down perspective gained from meeting with external and internal strategists and macroeconomists allows the team to position the portfolio according to market conditions.
- Portfolio construction is based on the team's assessment of company prospects, catalysts and risks, and contribution to tracking error.
- Risk management takes into account portfolio beta, tracking error and stock intercorrelations.
- Portfolio tracking error is actively managed i.e. the team varies the amount of risk taken according to their view of the market environment and opportunity set.

Investment guidelines

- Benchmark: SPI Extra
- Typical number of stocks: 40–60
- Maximum stock weight: 10%
- Typical cash position: 0–5%

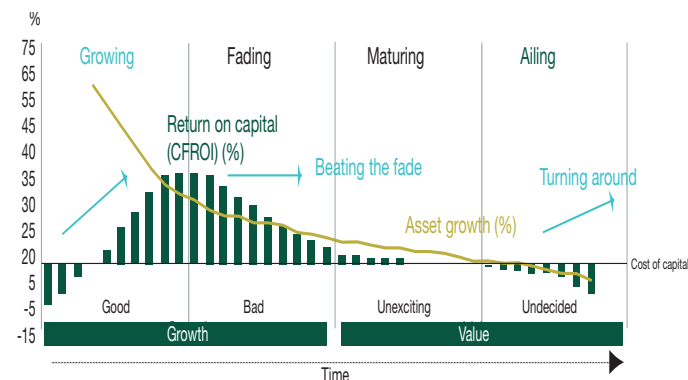
Investment team

- The team of four dedicated portfolio managers combine over 50 years of experience in financial markets and make full use of UBP's global research resources of over 40 investment professionals
- The fund is managed by Eleanor Taylor Jolidon, Co-Head of UBP's Swiss and Global Equity team based in Geneva, and Bettina Baur, senior portfolio manager

General information

Name	UBAM - Swiss Small and Mid Cap Equity	
Legal form	Sub-fund of UBAM, Luxembourg-domiciled SICAV, UCITS	
Base currency	CHF	
Currency-hedged share classes	EUR, USD, GBP, SEK	
Cut-off time	13:00 (LU time)	
Inception date	10.07.2015	
Minimum investment	None	
Liquidity	Daily	
Applicable management fee ¹	AC CHF: 1.00% IC CHF: 0.65% UC CHF: 0.65%	APC CHF: 0.65% IPC CHF: 0.40% UPC CHF: 0.40%
Performance fee ²	20% above SPI Extra TR (applicable only to P shares)	
Registered countries ³	AT, CH, DE, ES, FI, FR, IT, LU, NL, SE, SG, UK	
ISIN	AC CHF: LU1088703548 IC CHF: LU1088705832 UC CHF: LU1088708265	APC CHF: LU1088704785 IPC CHF: LU1088707291 UPC CHF: LU1088708935

The CFROI® life cycle



Sources: UBP, @Credit Suisse Holt
Past performance is not indicative of future results

SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the IC CHF share class LU1088705832 as of 19.02.2020 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.

Bloomberg ticker	AC CHF: USSMACC LX IC CHF: USSMICC LX	APC CHF: USMAPCC LX IPC CHF: USMIPCC LX
Investment manager	Union Bancaire Privée, UBP SA	
Depository bank	BNP Paribas Securities Services, Luxembourg Branch	
Administrator	CACEIS Bank, Luxembourg Branch	

¹Only 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.

²The Fund aims to outperform the Swiss Performance Extra Index (the "Benchmark"). The Benchmark is not representative of the Fund's risk profile and the portfolio's investments will deviate materially from the Benchmark.

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