



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

UBAM – EURO HIGH YIELD SOLUTION

Liquid exposure to euro high-yield credit with limited interest-rate risk

UBAM - Euro High Yield Solution is an innovative fund that provides liquid exposure to the high-return potential of euro high-yield credit with limited interest-rate risk through a top-down investment process.

Key points

- *Outperformance of CDS strategies over cash bond strategies*
- *The fund offers exposure to high-yield investments with high liquidity, broad diversification and low interest-rate sensitivity*
- *Macro-driven investment process that has proved effective in determining high-yield exposure*
- *Experienced investment team with considerable expertise in credit and high-yield CDS indices*
- *An award-winning strategy recognised for its superior advantages*

Investment case

High-yield bonds have proven to be an attractive alternative to equities by offering lower volatility and higher or similar returns.

In addition to this, from 31.12.2004 to 31.12.2019 euro high-yield CDS strategies have generated higher returns than high-yield cash bonds regardless of the interest-rate exposure (CDS with medium IR exposure: +8.9%; CDS with low IR exposure: +7.6%; cash strategy with medium IR exposure: +6.9%), and historically a lower maximum drawdown (CDS with medium IR exposure: -10.1%; CDS with low IR exposure: -11.5%; cash strategy with medium IR exposure: -37.7%). The environment remains positive for high yield, with default rates at low levels.

Fund concept

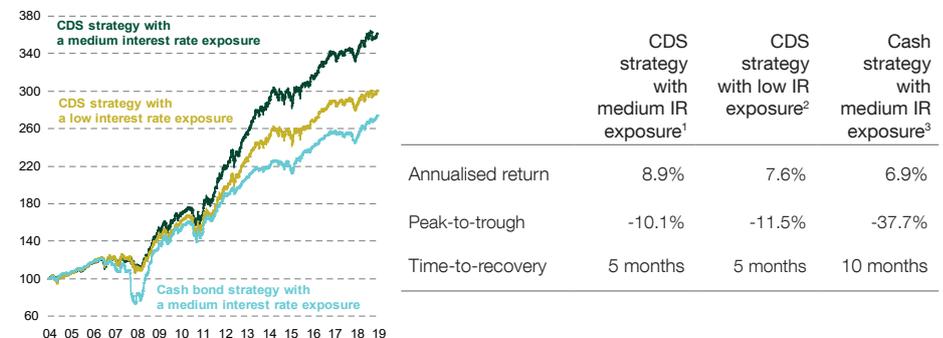
UBAM - Euro High Yield Solution is an innovative fund that offers liquid exposure to the high-return potential of euro high-yield credit, but with low interest-rate risk due to its exclusive use of European high-yield CDS indices.

High-yield CDS indices provide much better liquidity and have very low transaction costs as opposed to standard high-yield bonds – even during crises. The high-yield CDS index market has an excellent level of liquidity in all market conditions, in particular compared with the regular high-yield bond market, along with very tight and stable bid-offer spreads.

The fund's sensitivity to interest rates is limited. Its exposure to interest rates, which goes up to two years, is achieved through euro-denominated AAA- to AA-rated sovereign debt.

The fund enables investors to achieve full exposure to the euro high-yield market by offering a diversified allocation to 75 of the most liquid non-investment-grade issuers in Europe.

High-yield CDS (iTraxx Crossover) vs. a high-yield euro cash bond strategy since 31 December 2004



Sources: UBP, Bloomberg, J.P. Morgan, as at 31 December 2019

¹100% Europe iTraxx Crossover + AAA - AA EUR Government index, with historical duration of 3.6 years using BofA 3-5 US Treasury index.

²100% Europe iTraxx Crossover + AAA - AA EUR Government index, with a historical interest-rate exposure of 0.5 years using BofA 0-1 AAA - AA EUR Government.

³High-yield cash bond strategy: 100% EUR HY BofA ML. The strategy has an average historical interest rate exposure of 3.8 years.

Past performance is not indicative of future results. The Fund is actively managed and well diversified. It is composed of CDS for credit exposure and high-quality sovereign, supranational and agency debt securities denominated in euros for interest rate exposure. The Fund is not managed in reference to a benchmark.

