



THE DRIVE YOU DEMAND

For Swiss qualified investors only

# UBAM (CH) - HIGH GRADE CHF INCOME

## Optimising income in CHF within the medium-dated investment-grade space

UBAM (CH) - High Grade CHF Income offers Swiss investors the benefit of an attractive income in Swiss francs while maintaining similar risk characteristics as the SBI AAA-BBB 1–10 year index.

### Key points

- ◆ *Attractive income in CHF while maintaining similar risk characteristics as the Swiss bond market (SBI AAA-BBB 1–10-year index)*
- ◆ *Investment-grade portfolio with a typical maturity of 5 years and no economic leverage*
- ◆ *Top-down macroeconomic-driven process to actively manage the interest rate and credit exposure*
- ◆ *Use of standardised and cleared interest rate and credit derivatives*
- ◆ *Experienced investment professionals with expertise in Swiss bond and derivative markets*
- ◆ *No stamp duty for Swiss investors and dedicated share classes for pension funds*

### Investment case

Swiss fixed income investors with the Swiss franc (CHF) as their base currency can either invest in CHF bonds issued by Swiss or foreign entities or in EUR and USD bonds with currency hedging to the CHF. This second solution could generate a yield pick-up with a similar economic risk.

With CHF bond yields at or below zero and the high cost of hedging to the CHF, UBAM (CH) - High Grade CHF Income allows Swiss investors to optimise expected returns in CHF by accessing further fixed income opportunities while maintaining a similar risk profile to that of a typical Swiss bond portfolio: investment-grade ratings and moderate interest rate risk.

### Fund concept

UBAM (CH) - High Grade CHF Income offers Swiss investors the benefit of an attractive income in CHF while maintaining similar risk characteristics as the Swiss investment-grade fixed income market, with moderate interest rate risk, as expressed by the SBI AAA-BBB 1–10-year index.

The fund only invests in investment-grade securities with a typical average maturity of 5 years and selects the most attractive segment among:

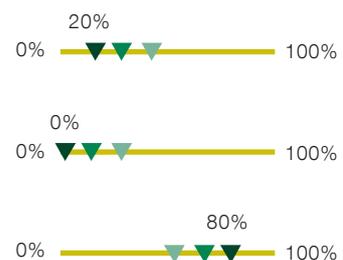
1. CHF-denominated bonds
2. EUR- or USD-denominated bonds hedged to the CHF
3. A CHF fixed income portfolio built with standardised and cleared interest rate and credit derivatives.

### Asset allocation based on relative value opportunities across 3 segments

#### Fixed income segments

1. CHF-denominated bonds
2. EUR or USD hedged into CHF
3. Interest rate futures and CDS index

#### Asset allocation (Illustration)



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Source: UBP  
Past performance is not indicative of future results

## Investment process

- ◆ Three dimensions: top-down relative value across segments, top-down and macro-driven investment views, and bottom-up selection (only when bonds' top-down relative value is appealing):
  - ▶ Top-down relative value across segments determines the fixed income allocation
  - ▶ Top-down macroeconomic views determine interest rate, credit and geographic exposure
  - ▶ Bottom-up credit research and relative value analysis applies when cash bond segments are offering the most attractive expected returns
- ◆ Risk-management is carried out throughout the investment process with real-time monitoring of positions

## Investment guidelines

- ◆ Maximum total economic exposure: 100%
- ◆ Initial investment in investment-grade securities only
- ◆ Typical average maturity: 5 years
- ◆ Use of standardised and cleared derivatives for interest rates and credit

## Investment team

- ◆ Fourteen investment professionals overseeing CHF 18.2 billion worth of fixed-income assets as of 31 December 2018
- ◆ Co-managers Christel Rendu de Lint and Philippe Gräub have successfully co-managed credit strategies for fifteen years

## General information

Fund name	UBAM (CH)
Sub-fund name	UBAM (CH) - High Grade CHF Income
Legal form of the fund	Swiss contractual fund
Category	"Other funds for other traditional investments"
Launch date	30 June 2015
Bid/offer price	NAV
Currency	CHF
Subscription/redemption	Daily
Management fee	A: 0.40%; I: 0.25%

## 1. Top-down relative value across segments

- ◆ Analysis of carry and roll-down
- ◆ Analysis of FX hedging costs
- ◆ Analysis of liquidity

## 2. Macroeconomic and top-down views to determine

- ◆ Interest rate exposure
- ◆ Credit exposure
- ◆ Geographic exposure

## 3. Bottom-up: only when bonds are more appealing in terms of top-down relative value

- ◆ Fundamental credit research
- ◆ Relative value at security level

## Main risks

← With lower risk, potentially lower rewards → With higher risk, potentially higher rewards →

1	2	3	4	5	6	7
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SRRI relates to the I CHF share class CH0271453422 as at 31.01.2019. This indicator represents the annual historical volatility of the fund. Risk category reflects level of risk and return profile: 1 lowest; 2 low; 3 limited; 4 average/moderate; 5 high; 6 very high; 7 highest risk. Historical data such as that used to calculate the synthetic indicator cannot be considered as 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.

Management company	Gérifonds SA, Lausanne
Investment manager	Union Bancaire Privée, UBP SA, Geneva
Administrator	Gérifonds SA, Lausanne
Custodian	Banque Cantonale Vaudoise, Lausanne
Auditor	KPMG SA, Geneva
Distributor	Union Bancaire Privée, UBP SA, Geneva
Countries where distribution is authorised	CH
ISIN	A CHF: CH0271453414; I CHF: CH0271453422

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