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Fund classification under the Sustainable Financial Disclosure Regulation (SFDR): Article 6

## UBAM – GLOBAL TECH CONVERTIBLE BOND

### Drawing on the convex nature of convertible bonds to invest in the tech growth story

The dual nature of convertible bonds – a bond instrument with an embedded conversion option – allows them to combine the defensive qualities of fixed-income securities with the upside potential of equities. This attractive feature is at the root of the asset class' intrinsic convexity. UBAM – Global Tech Convertible Bond aims to provide investors with exposure to the buoyant tech industry while leveraging on the asymmetric risk–return profile of convertible bonds.

#### Key points

- *The combination of two areas of expertise: convertible bonds and quantitative management*
- *Access to the tech growth story in a volatility-controlled framework*
- *Access to a deep and fast-growing market*
- *Dedicated allocation scheme designed to enhance convertible bonds' convexity*
- *Full transparency across the investment process*

#### Investment team

- UBP has been active in the management of convertible bond strategies since 1999
- UBP's Convertible Bonds team is composed of nine dedicated investment professionals, including six portfolio managers
- The team can further rely on a data manager and an investment specialist
- Under the supervision of Marc Basselier and Benjamin Schapiro, Co-Heads of UBP's Convertible Bond franchise, the sector-focused strategies are led by Senior Portfolio Manager Alain Tematio

#### Investment case

Historically, the technology sector has been a consistent driver of performance, and growth prospects are strong, backed by attractive secular trends and the rapid global adoption of new behaviours (such as working from home, e-commerce and factory automation). The tech industry provides diversified exposure to front-line businesses to benefit from these changes (including the Internet of Things, cloud computing and cybersecurity). By creating or addressing existing needs, tech companies are able to exploit huge market opportunities.

Convertible bonds allow investors to hold an equity exposure to tech companies in a lower-volatility framework than through direct equity investments. Convertible bonds have a long track record of delivering equity-like returns with much lower volatility and reduced drawdowns over the long term. This comes from their dual nature – a bond instrument with an embedded conversion option – which grants them an asymmetric risk–return profile relative to equities.

The tech market has traditionally represented a large segment of the global convertible bond universe, and this should continue as ever more tech companies are turning to convertible bonds for their financing needs, providing deep and growing investment opportunities.

#### Fund concept

UBAM – Global Tech Convertible Bond seeks to capitalise on the convex nature of convertible bonds to offer investors access to the tech stock market (GICS classification) with lower volatility and short-term drawdown risk than through direct equity investments.

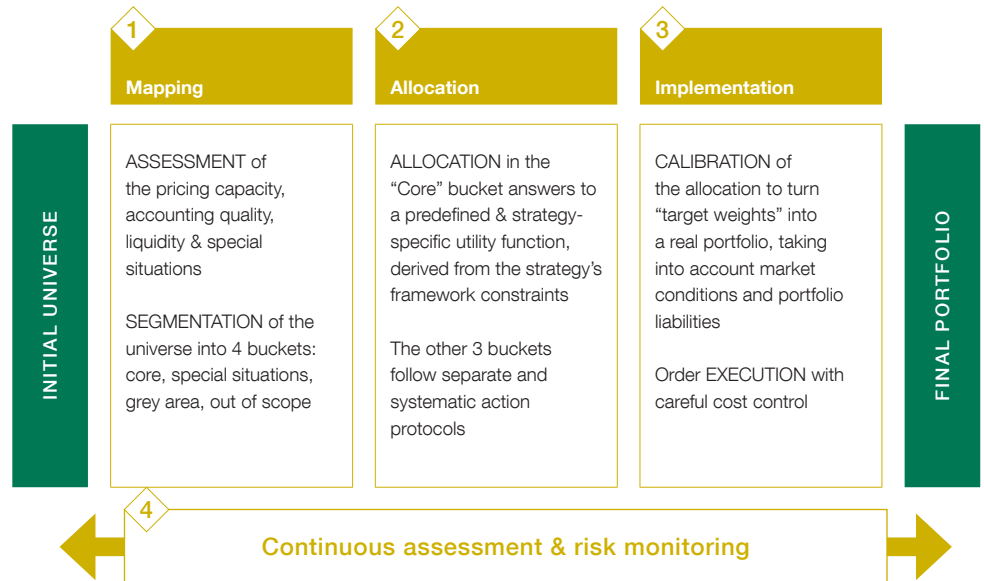
The strategy follows a quantitative process, according to an allocation approach specifically designed to respond to convertible bonds' unique features, and with the objective of enhancing convertible bond market indices' attractive long-term risk–return profile. A quantitative approach offers investors an alternative investment channel into this convex asset class.

Convexity is at the core of the model through a strict focus on plain-vanilla convertible bonds. Liquidity is monitored carefully throughout the process which ensures full transparency across each step: mapping, allocation, implementation and ongoing risk monitoring.

## Investment process

The strategy is managed according to a four-step quantitative allocation approach. The objective is to enhance convertible bonds' asymmetric risk–return profile over time in a defined segment of the universe.

- Preliminary phase: Identification of the investment universe (in this case, convertible bonds classified in the Tech GICS category).
- Step 1: **Mapping**. Assessment of each component of the investment universe according to strict quantitative criteria (e.g. pricing capacity, accounting quality and liquidity) leading to its segmentation into four buckets ("Core", "Special Situations", "Grey Area" and "Out of Scope").
- Step 2: **Allocation**. The allocation process within the "Core" bucket aims at improving the portfolio's convexity and liquidity in keeping with the strategy's investment objective. The other three buckets follow separate and systematic action protocols. The resulting target allocation complies with the strategy's risk framework.
- Step 3: **Implementation**. Calibration of the allocation defined in step 2 to turn "target weightings" into a real portfolio, taking prevailing market conditions and portfolio liabilities into account. Orders are executed with careful cost control.
- Step 4: **Ongoing assessment** of the first three steps and attentive risk monitoring.



## Investment guidelines\*

- Investment in US-listed tech companies (GICS classification)
- Investment in plain-vanilla convertible bonds only
- Foreign currency hedging

## General information

Name	UBAM - Global Tech Convertible Bond
Legal form	Sub-fund of UBAM, Luxembourg-domiciled SICAV, UCITS
Base currency	USD
Currency-hedged share classes	CHF, EUR, GBP, SEK
Cut-off time	13:00 (LU time)
Inception date	04.02.2021
Minimum investment	None
Liquidity	Daily
Applicable management fee <sup>1</sup>	AC USD: 1.20% IC USD: 0.90% UC USD: 0.90%
Registered countries <sup>2</sup>	CH, DE, ES, FR, IT, LU, NL, PT, SG, UK

## SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the IC USD share class LU2256759619 as of 20.12.2022 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.

ISIN	AC USD: LU2256758306 IC USD: LU2256759619 UC USD: LU2256760625
Bloomberg ticker	AC EUR: UBSCVAC LX; IC EUR: UBSCVIC LX
Investment manager	Union Bancaire Gestion Institutionnelle (France) SAS
Depository bank	BNP Paribas SA, Luxembourg Branch
Administrator	CACEIS Bank, Luxembourg Branch

<sup>1</sup>Only the main share classes are mentioned. Available share classes include I: Institutional; U: RDR-compliant; C: Capitalisation. Others are available.

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