



THE DRIVE YOU DEMAND

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

## UBAM - CORPORATE US DOLLAR BOND

### Capture the opportunities of the US credit market using a proactive macro-driven approach

The UBAM - Corporate US Dollar Bond provides investors with access to the USD-denominated investment-grade credit market. The portfolio's credit exposure is managed proactively by an investment team with considerable credit expertise.

#### Key points

- ◆ *Proactive management of credit exposure via disciplined implementation of our top-down views*
- ◆ *Moderate interest-rate exposure of circa 4 years -3 years shorter than the overall USD credit market*
- ◆ *Sector-based approach to fundamental, bottom-up research*
- ◆ *Risk management at all steps of the investment process: real-time monitoring of the portfolio's P&L*

#### Investment case

USD investment-grade corporate bonds form a significant part of balanced investment portfolios' asset allocations.

As well as providing attractive returns the fund offers a historical annualised gross return of 6.4%. The asset class has also demonstrated contained volatility of 4.0% (annualised).

USD-denominated, investment-grade credit offers an appealing and diversified income exposure.

Sources: UBP, Bloomberg, ICE BofAML indices since 31 December 1986, as at 31 March 2019

#### Fund concept

UBAM - Corporate US Dollar Bond is a USD investment-grade credit fund with a moderate average maturity.

The fund's interest-rate exposure is 3 years shorter than that of the broader USD corporate credit market. This is one of the fund's defining features, and could make it of particular interest to investors in this flat-curve environment: there is no value in extending the maturity of a credit portfolio beyond 4 years, as investors do not get compensated for taking more credit and interest-rate risks.

The fund consists of a core portfolio that invests primarily in USD-denominated credit issued by a diverse range of financial and non-financial companies. Managing the portfolio's credit exposure relative to the market (its beta) is based on a top-down approach, while companies are selected using a bottom-up, fundamental process.

### The 1–10-year maturity segment is the sweet spot in USD investment-grade credit, in comparison with the all-maturity segment

	UBAM – Corporate US Dollar Bond	USD investment- grade market
Modified duration	4.1	7.1
Carry & roll-down, in %	3.9	4.2
Annualised return (since 1987), in %	6.4	6.9
Annualised volatility (since 1987), in %	4.0	5.1
Returns during crisis:		
Bond crash 1994, in %	-2.0	-3.3
Bond crash 1999, in %	0.2	-1.9
Credit crisis 2008, in %	-6.8	-6.8
Taper tantrum, 2013, in %	0.1	-1.5

Sources: UBP, ICE BofAML indices as at 31 March 2019.

Carry, roll-down and bid-offer: ICE BofAML 1-10 Year Corporate Index and ICE BofAML US Corporate Index.

Return, volatility, Bond crash 1994, Bond crash 1999, Credit crisis 2008, Taper tantrum 2013.

ICE BofAML 1-10 Year US Corporate Index and ICE BofAML US Corporate Index. Past performance is not indicative of future results



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## Investment process

Investment process based on three main dimensions – top-down, bottom-up and relative-value analysis:

- ◆ Top-down input is crucial: our macroeconomic view drives the fund's credit exposure and its broad sector allocation;
- ◆ Bottom-up credit research focusing on default risk and expected performance versus peers drives company selection;
- ◆ Relative-value analysis determines the instruments that offer the best risk–return profile.

## Investment guidelines

- ◆ Benchmark: ICE BofAML Corporates 1–10-years index
- ◆ Minimum rating for an individual issuer: BBB-/Baa3
- ◆ Well diversified in financials and non-financials
- ◆ Average number of issuers: around 100
- ◆ No structured products (e.g. CDO, ABS, MBS)

## Investment team

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

## General information

Fund name	UBAM
Sub-fund name	UBAM - Corporate US Dollar Bond
Legal form of the fund	Luxembourg-incorporated umbrella SICAV, UCITS
Launch date	3 May 2002
Bid/offer price	NAV
Currency	USD (EUR/CHF/GBP/SEK)
Subscription/redemption	Daily
Management fee	A: 0.50%; I :0.35%
Management company	UBP Asset Management (Europe) S.A.

## 1. Top-down

- ◆ Macro scenario and top-down allocation view drives overall credit exposure ("beta"), as well as sector selection

## 2. Bottom-up

- ◆ Fundamental bottom-up credit research drives name selection within top-down framework.

## 3. Relative value

- ◆ Instrument selection as a key yield enhancer

## Main risks

With lower risk,		With higher risk,				
potentially lower rewards		potentially higher rewards				
1	2	3	4	5	6	7

SRRI relates to the IC USD share class LU0146925176 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.

Investment manager	Union Bancaire Privée, UBP SA, Geneva
Administrator	CACEIS Bank Luxembourg S.A.
Registrar/transfer agent	CACEIS Bank Luxembourg S.A.
Custodian	BNP Paribas Securities Services Luxembourg
Auditor	Deloitte Audit S.à.r.l., Luxembourg
Country where distribution is authorised	AT, BE, CH, CL, DE, ES, FI, FR, IT, LU, NL, NO, PT, SE, SG, TW, UK
ISIN	AC USD: LU0146923718; IC USD: LU0146925176

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