

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

UBAM - DYNAMIC EURO BOND

An alternative to cash with enhanced yield, near-zero interest-rate risk and limited credit risk

UBAM - Dynamic Euro Bond offers investors the benefit of a cash-enhanced fund with limited downside due to active management of the portfolio's structure. It is an appealing option for investors looking for an alternative to the currently very low returns provided by cash. In addition, the fund will benefit from rising short-term rates as it mainly invests in floating-rate notes. The fund offers a very attractive yield-to-risk profile. It has a proven track record of low volatility and had very limited drawdowns during the credit crisis in 2008 and the euro sovereign crisis in 2011.

Key points

- ◆ *Exposure to floating-rate notes that benefit from rising short-term rates*
- ◆ *Target: Eonia +100 bp net of fees, with maximum annualised volatility of 1% amid very low rates*
- ◆ *A historical annualised volatility rate of less than 1.0%*
- ◆ *An alternative to cash that limited its monthly drawdown to -1.1% in 2008 during the credit crisis*
- ◆ *Active management of maturity, rating and sector diversification*
- ◆ *Near-zero interest-rate risk, moderate credit risk*
- ◆ *Experienced investment team with considerable expertise in credit*

Investment case

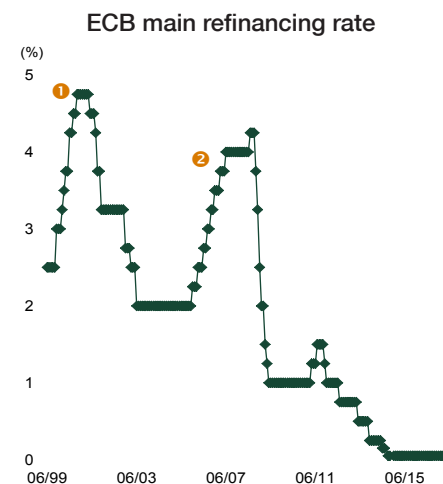
Cash is currently offering zero – or even negative – rates. Against this backdrop, the UBAM - Dynamic Euro Bond is offering an appealing yield-to-risk profile. The fund is positioned in stable names with a limited credit risk of less than 2 years and an average rating of BBB/A. In addition, it will benefit from rising short-term interest rates through its exposure to floating-rate notes.

Fund concept

UBAM - Dynamic Euro Bond aims to provide investors with consistent excess returns above money-market rates with near-zero interest-rate risk and moderate credit risk. It seeks to achieve Eonia +100 bp per year (net of fees) within a maximum annualised volatility rate target of 1%. The fund consists of a core portfolio that invests primarily in euro-denominated, short-duration floating-rate notes issued by a diverse range of financial and non-financial companies.

Exposure to floating-rate notes that benefit from rising short-term rates

The coupon paid by a floating-rate note is made up of a rate component and a credit component.



Rate increase	ECB rate	3-m. EUR Libor return
1	+225 bps	+3.8%
2	+200 bps	+5.0%

1 31.10.1999 to 31.10.2000
2 30.11.2005 to 30.06.2007



Investment process

- ◆ The investment process based on three dimensions – top-down, bottom-up and relative value:
 - ▶ Top-down input is crucial: the macroeconomic cycle is a major driver of the portfolio's performance and the top-down view determines its average maturity and rating;
 - ▶ Bottom-up credit research focusing on default risk and a 12-month outlook for each bond drives issuer selection;
 - ▶ Relative-value analysis is used to select the securities with the best risk–return profiles.
- ◆ If necessary, overlay strategies are implemented to help meet the investment objective. They consist of liquid, risk-budgeted, fixed-income multi-strategies.
- ◆ Risk-management is carried out at all steps of the investment process with real-time monitoring of the portfolio positions.

Investment guidelines

- ◆ Core portfolio of short-dated investment-grade bonds, primarily floating-rate notes
- ◆ Maximum average maturity of the core bond portfolio: 24 months (excluding AAA-rated bonds)
- ◆ Well diversified across financials and non-financials
- ◆ No callable bonds with perpetual features
- ◆ No structured products, such as 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 credit strategies for fifteen years

General information

Fund name	UBAM
Sub-fund name	UBAM - Dynamic Euro Bond
Legal form of the fund	Luxembourg-incorporated umbrella SICAV, UCITS
Launch date	18 December 1990
Bid/offer price	NAV
Currency	EUR (USD/CHF/GBP/SEK)
Subscription/redemption	Daily
Management fee	A: 0.20%; I :0.15%
Management company	UBP Asset Management (Europe) S.A.

1. Top-down

- ◆ Macro scenario and top-down allocation view drives overall credit exposure ("beta")

2. Bottom-up

- ◆ Fundamental bottom-up credit research drives name selection

3. Relative value

- ◆ Instrument selection as a key yield enhancer

Overlay

Risk-budgeted set of liquid fixed-income strategies

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 EUR share class LU0132662635 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, DE, ES, FI, FR, IT, LU, NL, PT, SE, SG, UK
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