

For Professional Investors in Switzerland or Professional Investors as defined by the relevant laws
Fund classification under the Sustainable Financial Disclosure Regulation (SFDR): **Article 8**

UBAM - HYBRID BOND

Exposure to Additional Tier 1 debt (“CoCo” bonds)¹

Actively managed portfolio investing in subordinated debt issued by financial and non-financial issuers. The key focus is on Additional Tier 1 debt (AT1 – “CoCo” bonds) issued by systemic European banks.

Key points

- *Diversified exposure to an actively managed portfolio of higher-yielding bonds*
- *Subordinated debt from financial and non-financial issuers with robust metrics based on the team’s fundamental credit research*
- *AT1 bonds: focus on systemic banks with extra regulatory capital requirements*
- *Specific tools developed by the team to analyse the AT1 market: a valuation method, stress tests and a terms & conditions analysis database*

Investment case

UBAM - Hybrid Bond provides exposure to higher-yielding subordinated debt instruments – including up to 100% AT1 debt – issued by financial and non-financial issuers, and may also:

- Provide diversification for high-yield bond portfolios;
- Supplement an equity portfolio, as subordinated debt ranks lower than senior debt but higher than equities in terms of seniority in a balance sheet².

The focus of the portfolio is on issuers with robust metrics, as identified through the team’s fundamental credit research. For the AT1 market, the focus will be on national champions and systemic banks with extra regulatory capital requirements. The depth of the investment universe allows for active management of the allocation across regions, sectors, issuers and tranches of the capital structure.

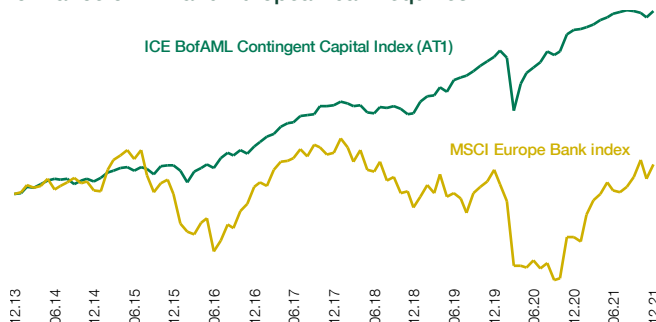
Fund concept

UBAM - Hybrid Bond enables investors to gain diversified exposure to an actively managed portfolio of higher-yielding bonds: Additional Tier 1, bank Tier 2, insurance subordinated debt, and non-financial hybrid debt.

Subordinated debt issued by financial and non-financial issuers is a core expertise of UBP’s Global & Absolute Return Fixed Income team with more than USD 3 billion worth of assets with exposure to subordinated debt raised since 2012 (new money at the launch of the portfolios) and a track record of investing in this asset class since 2007.

In addition to its fundamental analysis, the team has developed specific tools to analyse the AT1 market: a valuation method, stress tests and a terms & conditions analysis database.

Performance of AT1 and European bank equities



Data is hedged
to USD

	AT1 (IG and HY)	MSCI Europe Bank
Annualised total return	7.9%	1.6%
Maximum drawdown	-26.3%	-53.9%

Source: Bloomberg Finance L.P. ICE BofAML index (COCL: includes IG and HY CoCos)

from 31.12.2013 (inception) to 31.12.2021.

Past performance is not a guide for current or futures results.

Subordinated debt bears a risk of capital structure inversion: please refer to the Risks section.

The Fund is actively managed and well diversified.
The Fund is not managed in reference to a benchmark.

¹ Additional Tier 1 debt (“Contingent Convertible” or “CoCo” bonds) is a debt instrument that must transform into equities or be written off upon a triggering event. A CoCo bond, in the same way as other hybrid securities, has both debt- and equity-like features embedded within its structure. CoCo bonds are complex financial instruments and are not suitable or appropriate for all investors. In some jurisdictions, regulatory authorities have adopted laws or regulations, or published guidance with respect to the offering or sale of securities such as CoCo bonds to retail investors.

² Capital structure inversion risk – see Risks section.

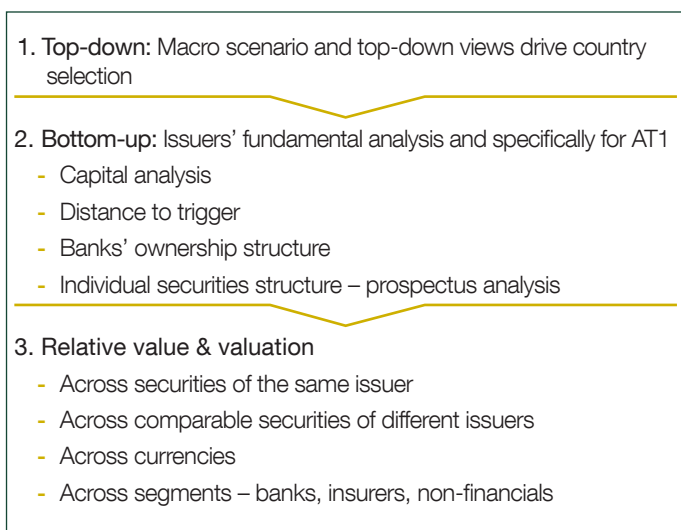
Investment guidelines*

- Exposure to AT1: up to 100%
- Exposure to subordinated debt from financial and non-financial issuers: up to 100%
- Non-investment-grade exposure: up to 100%
- Minimum rating: B-

Investment team

- Fourteen-strong team overseeing CHF 16 billion worth of fixed-income assets as of 31 December 2021
- Led by Philippe Gräub, who has over twenty years' financial markets experience

Investment process



SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the IC USD share class LU1861452677 as of 24.06.2022 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.

General information

Name	UBAM - Hybrid Bond
Legal form	Sub-fund of UBAM, Luxembourg-domiciled SICAV, UCITS
Base currency	USD
Currency-hedged share classes	CHF, EUR, GBP, HKD, SEK, SGD
Cut-off time	13:00 (LU time)
Inception date	06.11.2018
Minimum investment	50,000 USD or eq.
Liquidity	Daily
Applicable management fee ¹	AC USD: 0.75%; IC USD: 0.40%; UC USD: 0.40%
Registered countries ²	AT, CH, DE, ES, FR, IT, LU, NL, SG, UK
ISIN	AC USD: LU1861451513; IC USD: LU1861452677; UC USD: LU1861453642

*All portfolio exposures indicated are as measured at the time of investment, unless otherwise specified. While UBAM generally expects to adhere to those exposures under normal market conditions, they are targets and not investment restrictions. UBAM may amend them at any time and in any manner which it believes is consistent with its overall investment objective in response to market conditions or other factors without notice to investors.

This sub-fund is suitable for investors who need a well-diversified contingent convertible bond allocation in their portfolio. Investors should have a minimum investment horizon of 3 years and should be able to accept significant losses.

- **Risk of loss of principal investment:** CoCos are issued for regulatory capital adequacy purposes with the intention and purpose of being eligible as either Additional Tier 1 or Tier 2 capital. Such eligibility depends on a number of conditions, which, in particular, require the securities and the proceeds of their issue to be available to absorb any losses incurred by their issuers. The loss absorption is provided for through the triggering of principal equity conversion or principal write-down (whole or partial) if the issuer's capital ratio falls below a pre-specified threshold. There is also a possibility of such conversion or (write-down) upon regulatory intervention, which can happen even if the capital ratio is still above the pre-specified threshold. As a consequence of such a reduction to the outstanding principal, holders of securities may lose all or some of their investment.
- **Trigger risk:** Trigger activation occurs (i) if the issuer falls below pre-determined capital ratio thresholds or (ii) at the request of a financial regulator with supervisory authority, causing CoCos to convert into equity or to be permanently written down. In the first case, the trigger event calculations may also be affected by changes in applicable accounting rules, the accounting policies of the issuer or its group, and the application of these policies. In the event of a security being converted into equity, investors may suffer a loss depending on the conversion rate. Were the securities to be written down, the principal may be entirely lost with no payment recovered. Some CoCos may be written back up to par over time, but the issuer may be under no obligation to fully do so. Following a trigger event, losses may not reflect the waterfall of subordination and in some circumstances CoCo bond holders may suffer losses prior to investors in the same financial institution holding equity or bonds ranking pari passu, or junior to the CoCo instruments. In the second trigger case, a financial regulator with supervisory authority may at any time deem the issuer to have reached a point of non-viability, meaning that public intervention would be needed to keep the issuer out of bankruptcy, causing losses across the capital structure for equity and bond holders alike. Under these circumstances CoCo bond holders would suffer losses in line with the subordination of the CoCo host instrument.
- **Coupon cancellation risk:** CoCos issued in Additional Tier 1 format give the issuer an option to cancel any payment of interest at any time and at its sole discretion. In addition, the issuer may be required by the regulator to cancel upcoming interest payments. Coupon cancellation shall also be applicable if the issuer breaches a certain capital ratio threshold. Any cancellation of interest represents a forgone coupon payment and will not be reimbursed, should the issuer decide to resume interest payments at a later stage.
- **Extension risk:** As there may be no incentive, in the form of a coupon step-up, for the issuer to redeem the securities issued, this would cause the securities' duration to lengthen and expose investors to higher interest rate risk.
- **Capital structure inversion risk:** Contrary to conventional capital hierarchy, CoCo investors may suffer a loss of capital where equity holders do not. In certain scenarios, holders of CoCos will suffer losses ahead of equity holders, e.g. when a high-trigger principal write-down on a CoCo is activated. This goes against the normal order of capital structure hierarchy where equity holders are expected to suffer the first loss. It is less likely with a low-trigger CoCo where equity holders will already have suffered losses. Moreover, high-trigger Tier 2 CoCos may suffer losses not at the point of gone concern but conceivably in advance of lower-trigger Additional Tier 1 instruments and equity.

Cocos tend to have higher price volatility and greater liquidity risk than other securities which do not expose investors to the aforementioned risks.

Bloomberg ticker	AC USD: UBHYBAC LX; IC USD: UBHYBIC LX
Investment manager	Union Bancaire Privée, UBP SA
Depository bank	BNP Paribas SA, Luxembourg Branch
Administrator	CACEIS Bank, Luxembourg Branch

¹Only the main share classes are mentioned. Available share classes include A: Standard; I: Institutional; U: No entitlement to retrocessions / RDR-compliant; C: Capitalisation. Others are available

²Please check availability before subscribing as not all share classes are registered in all jurisdictions. Subscriptions can only be made on the basis of the fund's current Key Investor Information Document (KIID), full prospectus, and latest available audited annual report – as well as the latest semi-annual report, if published subsequently. These documents can be obtained free of charge from the fund's headquarters, general distributor (Union Bancaire Privée, UBP SA, Geneva), or local representative for the country concerned.

Disclaimer

This is a marketing document and is intended for informational and/or marketing purposes only. It is intended to be used only by the person(s) to whom it was delivered. It may not be reproduced (in whole or in part) or delivered, given, sent or in any other way made accessible, to any other person without the prior written approval of Union Bancaire Privée, UBP SA or any entity of the UBP Group (UBP). This document reflects the opinion of UBP as of the date of issue. This document is for distribution only to persons who are Professional clients in Switzerland or Professional Clients or an equivalent category of investor as defined by the relevant laws (all such persons together being referred to as "Relevant Persons"). This document is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. It is not intended for distribution, publication, or use, in whole or in part, in any jurisdiction where such distribution, publication, or use would be unlawful, nor is it directed at any person or entity at which it would be unlawful to direct such a document. In particular, this document may not be distributed in the United States of America and/or to US persons (including US citizens residing outside the United States of America). This document has not been produced by UBP's financial analysts and is not to be considered financial research. It is not subject to any guidelines on financial research and independence of financial analysis. Reasonable efforts have been made to ensure that the content of this document is based on information and data obtained from reliable sources. However, UBP has not verified the information from third sources in this document and does not guarantee its accuracy or completeness. UBP makes no representations, provides no warranty and gives no undertaking, express or implied, regarding any of the information, projections or opinions contained herein, nor does it accept any liability whatsoever for any errors, omissions or misstatements. The information contained herein is subject to change without prior notice. UBP gives no undertaking to update this document or to correct any inaccuracies in it which may become apparent. This document may refer to the past performance of investment interests. **Past performance is not a guide to current or future results.** The value of investment interests can fall as well as rise. Any capital invested may be at risk and investors may not get back some or all of their original capital. Any performance data included in this document does not take into account fees, commissions, and expenses charged on issuance and redemption of securities, nor any taxes that may be levied. Changes in exchange rates may cause increases or decreases in investors' returns. All statements other than statements of historical fact in this document are "forward-looking statements". Forward-looking statements do not guarantee future performances. The financial projections included in this document do not constitute forecasts or budgets; they are purely illustrative examples based on a series of current expectations and assumptions which may not eventuate. The actual performance, results, financial condition and prospects of an investment interest may differ materially from those expressed or implied by the forward-looking statements in this document as the projected or targeted returns are inherently subject to significant economic, market and other uncertainties that may adversely affect performance. UBP also disclaims any obligation to update forward-looking statements, as a result of new information, future events or otherwise. The contents of this document should not be construed as any form of advice or recommendation to purchase or sell any security or funds. It does not replace a prospectus or any other legal documents, which can be obtained free of charge from the registered office of a fund or from UBP. The opinions herein do not take into account individual investors' circumstances, objectives, or needs. Each investor must make their own independent decision regarding any securities or financial instruments mentioned herein and should independently determine the merits or suitability of any investment. In addition, the tax treatment of any investment in the fund(s) mentioned herein depends on each individual investor's circumstances. Investors are invited to carefully read the risk warnings and the regulations set out in the prospectus or other legal documents and are advised to seek professional counsel from their financial, legal and tax advisors. The tax treatment of any investment in a fund depends on the investor's individual circumstances and may be subject to change in the future. This document should not be deemed an offer nor a solicitation to buy, subscribe to, or sell any currency, funds, products, or financial instruments, to make any investment, or to participate in any particular trading strategy in any jurisdiction where such an offer or solicitation would not be authorised, or to any person to whom it would be unlawful to make such an offer or solicitation. Telephone calls to the telephone number stated in this presentation may be recorded. UBP will assume that, by calling this number, you consent to this recording.

Pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "Disclosures Regulation" or "SFDR"), funds are required to make certain disclosures. Funds falling under the scope of Article 6 of the SFDR are those which have been deemed not to pursue an investment approach that explicitly promotes environmental or social characteristics or has sustainable investment as its objective. The investments underlying such financial products do not take into account the EU criteria for environmentally sustainable economic activities. Notwithstanding this classification, the Investment Managers may take account of certain sustainability risks as further described in the fund's prospectus. Funds falling under the scope of Articles 8 or 9 of the SFDR are those subject to sustainability risks within the meaning of the SFDR. The sustainability risks and principal adverse impacts (PAIs) as stipulated in the SFDR are described in the prospectus. In addition, unless otherwise specified, all funds apply the UBP Responsible Investment Policy, which is available on <https://www.ubp.com/en/investment-expertise/responsible-investment>.

UBP relies on information and data collected from third-party ESG data providers (the "ESG Parties"). Although UBP applies a proven process for selecting such ESG Parties, this data may prove to be incorrect or incomplete. UBP's processes and proprietary ESG methodology may not necessarily appropriately capture ESG risks. Indeed, to date, data related to sustainability risks or PAIs are either not available or not yet systematically and fully disclosed by issuers, may be incomplete and may follow various differing methodologies. Most of the information on ESG factors is based on historical data that may not reflect the future ESG performance or risks of the investments.

Although the ESG Parties obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall accept any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties accept any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Any subscriptions not based on the funds' latest prospectuses, KIIDs, annual or semi-annual reports or other relevant legal documents (the "Funds' Legal Documents") shall not be acceptable. The Funds' Legal Documents may be obtained free of charge from Union Bancaire Privée, UBP SA, 96-98 rue du Rhône, P.O. Box 1320, 1211 Geneva 1, Switzerland (UBP), from UBP Asset Management (Europe) S.A., 287-289 route d'Arlon, 1150 Luxembourg, Grand Duchy of Luxembourg, and from Union Bancaire Gestion Institutionnelle (France) SAS, 116 avenue des Champs-Élysées, 75008 Paris, France. The English version of the fund prospectus as well as a summary of investor rights associated with an investment in a fund are available on www.ubp.com. A fund's management company may decide to terminate or cause to terminate the arrangements made for the marketing of its collective investment undertakings in accordance with Article 93a of Directive 2009/65/EC. The Swiss representative and paying agent of the foreign funds mentioned herein is UBP. The Funds' Legal Documents may be obtained free of charge from UBP, as indicated above.

This content is being made available in the following countries:

Switzerland: UBP is authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority (FINMA). The head office is Union Bancaire Privée, UBP SA, 96-98 rue du Rhône, P.O. Box 1320, 1211 Geneva 1, Switzerland.
ubp@ubp.com | www.ubp.com

United Kingdom: UBP is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA.

France: Sales and distribution are carried out by Union Bancaire Gestion Institutionnelle (France) SAS, a management company licensed by the French Autorité des Marchés Financiers, Licence no. AMF GP98041 I 116, av. des Champs Élysées I 75008 Paris, France IT +33 1 75 77 80 80 | Fax +33 1 44 50 16 19 | www.ubpamfrance.com

Luxembourg: UBP operates in Luxembourg through UBP Asset Management (Europe) S.A., a Management Company authorised under Chapter 15 of the Law of 17 December 2010 relating to undertakings for collective investment (the "2010 Law") and an Alternative Investment Fund Manager authorised under the Law of 12 July 2013 (the "AIFM Law"), which manages undertakings for collective investment subject to Part I of the 2010 law and other types of funds which qualify as alternative investment funds. The office is located at 287-289 route d'Arlon, P.O. Box 79, 1150 Luxembourg, T +352 228 007-1, F +352 228 007 221.

Hong Kong: UBP Asset Management Asia Limited ("UBP AM Asia") is licensed with the Securities and Futures Commission (CE No.: AOB278) to carry out Type 1 – Dealing in Securities, Type 4 – Advising on Securities and Type 9 – Asset Management regulated activities. The document is intended only for Institutional or Corporate Professional Investors and not for public distribution. The contents of this document have not been reviewed by the Securities and Futures Commission in Hong Kong. Investment involves risks. Past performance is not indicative of future performance. Investors should refer to the fund prospectus for further details, including the product features and risk factors. The document is intended only for **Institutional Professional Investors** and not for public distribution. The contents of this document and any attachments/links contained in it are for general information only and are not advice. The information does not take into account your specific investment objectives, financial situation and investment needs and is not designed as a substitute for professional advice. You should seek independent professional advice regarding the suitability of an investment product, taking into account your specific investment objectives, financial situation and investment needs before making an investment. The contents of this document and any attachments/links contained in it have been prepared in good faith. UBP AM Asia and all of its affiliates accept no liability for any errors or omissions. Please note that the information may also have become outdated since its publication. UBP AM Asia makes no representation that such information is accurate, reliable or complete. In particular, any information sourced from third parties is not necessarily endorsed by UBP AM Asia, and UBP AM Asia has not checked the accuracy or completeness of such third-party information.

Singapore: This document is intended only for accredited investors and institutional investors as defined under the Securities and Futures Act (Cap. 289 of Singapore) ("SFA"). Persons other than accredited investors or institutional investors (as defined in the SFA) are not the intended recipients of this document and must not act upon or rely upon any of the information in this document. The financial products or services to which this material relates will only be made available to clients who are accredited investors or institutional investors under the SFA. This document has not been registered as a prospectus with the MAS. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of this product may not be circulated or distributed, nor may the product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to institutional investors under Section 274 or 304 of the Securities and Futures Act (Cap. 289) of Singapore ("SFA"), (ii) to relevant persons pursuant to Section 275(1) or 305(1), or any person pursuant to Section 275(1A) or 305(2) of the SFA, and in accordance with the conditions specified in Section 275 or 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. This advertisement has not been reviewed by the Monetary Authority of Singapore.

Union Bancaire Privée, UBP SA

Rue du Rhône 96-98 | P.O. box 1320 | 1211 Geneva 1 | Switzerland | ubp@ubp.com | www.ubp.com