



For Professional Investors in Switzerland or Professional Investors as defined by the relevant laws

## UBAM – MEDIUM TERM US CORPORATE BOND

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

The UBAM - Medium Term US Corporate 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 6.5%. 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 1-10 Year US Corporate Index (C5A0) since 31 December 1986, as at 31 December 2019.

#### Fund concept

UBAM - Medium Term US Corporate 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 – Medium Term US Corporate Bond	USD investment-grade market
Modified duration	4.2	7.4
Carry & roll-down, in %	2.9	3.3
Annualised return (since 1987), in %	6.5	7.0
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 (C5A0) and ICE BofAML US Corporate Index.  
Return (COAO), 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.  
The Fund is actively managed and aims to outperform the ICE BofAML 1-10 Year US Large Cap Corporate Index (the "Benchmark") with an average maturity of circa 5 years. The Benchmark is representative of the Fund's investment universe and risk profile.

## 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

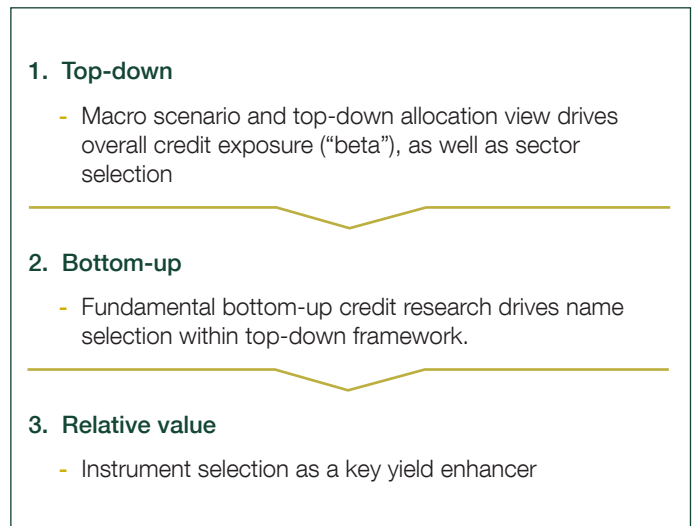
- Benchmark: ICE BofAML Corporates 1–10-years index
- Minimum rating for an individual issuer: BBB-/Baa3
- Well diversified in financials and non-financials
- Average number of issuers: around 100
- No structured products (e.g. CDO, ABS, MBS)

## Investment team

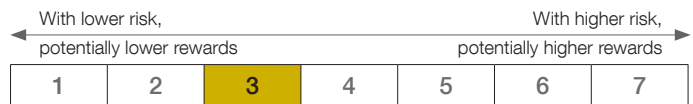
- Thirteen-strong team overseeing CHF 19.4 billion worth of fixed-income assets as at 31 December 2019.
- Led by Philippe Gräub, who has twenty years' financial markets experience of which thirteen years managing and growing the UBP Global and Absolute Return Fixed Income franchise.

## General information

Name	UBAM - Medium Term US Corporate Bond
Legal form	Sub-fund of UBAM, Luxembourg-domiciled SICAV, UCITS
Base currency	USD
Currency-hedged share classes	CHF, EUR, GBP, ILS, SEK, SGD
Cut-off time	13:00 (LU time)
Inception date <sup>1</sup>	31.12.2007
Minimum investment	None
Liquidity	Daily
Applicable management fee <sup>2</sup>	AC USD: 0.50%; IC USD: 0.35%; UC USD: 0.35%



## SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the IC USD share class LU0146925176 as of 19.02.2020 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.

Registered countries <sup>3</sup>	AT, CH, CL, DE, ES, FI, FR, IT, LU, NL, NO, SE, SG, TW, UK
ISIN	AC USD: LU0146923718; IC USD: LU0146925176; UC USD: LU0862299434
Bloomberg ticker	AC USD: UBCORBD LX; IC USD: UBCORIC LX
Investment manager	Union Bancaire Privée, UBP SA
Depository bank	BNP Paribas Securities Services, Luxembourg Branch
Administrator	CACEIS Bank, Luxembourg Branch

<sup>1</sup>The investment objective was redefined on 31.12.2007.

<sup>2</sup>Only 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.

<sup>3</sup>Please 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.

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