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UBAM - EURO CORPORATE IG SOLUTION

Optimising income in EUR while maintaining similar risk characteristics as the euro investment-grade corporate bond market

UBAM - Euro Corporate IG Solution is an innovative fund that provides liquid exposure to the European investment-grade market through a top-down investment process.

Key points

- *Outperformance of CDS strategies over cash bond strategies over the long term and during crises*
- *Investment-grade portfolio with a typical maturity of 5 years and no economic leverage*
- *Top-down macroeconomic-driven process to actively manage the interest rate and credit exposure*
- *Use of standardised and cleared interest rate and credit derivatives*
- *Experienced investment professionals with expertise in European investment-grade bond and derivative markets*

Investment case

UBAM - Euro Corporate IG Solution was launched with the aim of optimising income in EUR while maintaining similar risk characteristics as the euro investment-grade corporate bond market. The fund uses cleared, liquid CDS indices for credit exposure and fixed income interest rate futures for rate exposure.

Fund concept

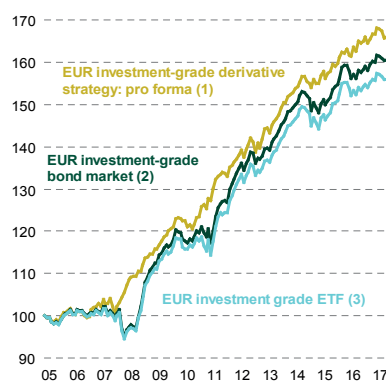
UBAM - Euro Corporate IG Solution is an innovative fund that offers liquid exposure to the European investment-grade market, maintaining, abundant liquidity thanks to its exclusive use of CDS indices for credit exposure.

The investment-grade CDS index market offers high liquidity in all market conditions, in particular compared with the traditional bond market, along with very tight and stable bid-offer spreads.

At the neutral point, the fund's risk characteristics of interest rate and credit spread exposure will always match that of the European investment-grade market.

UBAM - Euro Corporate IG Solution is actively managed with the ability to vary interest rates +/- 2 years, credit spreads +/- 2 years and allocate 'a maximum of 25% to the US.

Outperformance of a EUR IG derivate strategy vs the EUR investment-grade market



	Strategy (1)	Bond market (2)	ETF (3)
Annualised return	4.3%	3.8%	3.6%
Annualised volatility	2.9%	3.6%	3.7%
Sharpe ratio ^{a)}	1.6	1.1	1.0
Maximum drawdown ^{b)}	-4.6%	-7.7%	n.a. ^(*)

(*) not relevant: no track-record in 2008 for the ETF. The ETF was launched on 09.03.2009. The annualised return and annualised volatility above refer to a composite made of the benchmark of the ETF before 09.03.2009 and the net returns of the ETF from 09.03.2009

Sources: UBP, Bloomberg Finance L.P., J.P. Morgan, as at 29.06.2018 – since 31.12.2005.

Gross performance does not include any applicable management fees or expenses.

Pro forma returns are hypothetical (do not reflect trading in actual accounts) and are provided for informational purposes only.

(1) Pro forma composite, after fees in EUR: iTraxx Main Europe (spread adjusted for ERL0) + 5-year Bund future (modified duration adjusted for ERL0) + eonia index total return. Fee applied is TER of 35bp

(2) Index ICE BofAML Euro Large Cap Corporates: total return before fees in EUR (ERL0)

(3) Composite: after 09.03.2009 – ETF inception = iShares Core € Corp Bond UCITS ETF: net of fees (TER = 20 bps); before 09.03.2009 = Bloomberg Barclays Euro Corporate Bond index (no fees), i.e. the ETF's benchmark

a) No risk free rate, b) Maximum drawdown: peak to trough.

Past performance is not an indicator of future results.

The Fund is actively managed and aims to outperform the ICE BofAML Euro Large Cap Corporate Index (the "Benchmark").

This Benchmark is representative of the Fund's risk profile in terms of interest rate duration and spread duration.

Investment process

The UBAM - Euro Corporate IG Solution's investment process is based on our Fixed Income team's proven macro-driven approach:

- We determine a 6–9-month macroeconomic scenario based on in-house economic indicators and the analysis of business cycles and monetary policies in the main geographical areas. Our in-house indicators have proven consistently effective over the past fifteen years.
- We identify the main market themes, such as monetary policies (LTRO, QE), the eurozone sovereign crisis, banking regulations and their consequences for the investment-grade segment in terms of valuations and investor positioning.
- The resulting top-down allocation view determines our interest rate exposure, credit spread exposure and geographical allocation.

Investment guidelines

- Investment-grade only
- Interest rate exposure: +/- 2 years versus EUR IG market
- Credit spread exposure: +/- 2 years versus EUR IG market
- Maximum exposure to US: 25%

Investment team

- Thirteen-strong team overseeing CHF 19.4 billion worth of fixed-income assets as at 31 December 2019.
- Proven expertise in CDS index management
- 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 - Euro Corporate IG Solution
Legal form	Sub-fund of UBAM, Luxembourg-domiciled SICAV, UCITS
Base currency	EUR
Currency-hedged share classes	CHF, GBP, SEK, USD
Cut-off time	13:00 (LU time)
Inception date	10.07.2018
Minimum investment	None
Liquidity	Daily
Applicable management fee ¹	AC EUR: 0.25% IC EUR: 0.15% UC EUR: 0.15%

Asset allocation is our key added value in generating outperformance

1. 6- to 9-month macroeconomic scenario

- Proprietary macroeconomic leading indicators (with near 20-year track record)
- Detailed analysis of relevant global business cycle data
- Detailed analysis of central bank policies and reaction functions

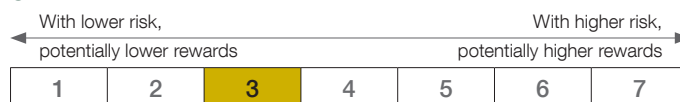
2. Identification of overarching market themes

- Monetary policies: LTRO, quantitative easing
- European sovereign crisis
- Banking regulations (Basel III), etc.

3. Top-down allocation view

- Interest rate exposure +/- 2 years
- Credit spread exposure +/- 2 years
- Max 25% allocation to US

SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the IC EUR share class LU1808451352 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 ²	AT, CH, DE, DK, ES, FI, FR, IT, LU, NL, NO, PT, SE, SG, UK
ISIN	AC EUR: LU1808450032 IC EUR: LU1808451352 UC EUR: LU180845232
Bloomberg ticker	AC EUR: UBHGAEC LX IC EUR: UBHGIEC LX
Investment manager	Union Bancaire Privée, UBP SA
Depositary bank	BNP Paribas Securities Services, 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.

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