



THE DRIVE YOU DEMAND

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

UBAM FCP EURO HIGH YIELD SOLUTION

Liquid exposure to euro high-yield credit with limited interest-rate risk

UBAM FCP Euro High Yield Solution is an innovative fund that provides liquid exposure to the high return potential of euro high-yield credit with limited interest rate risk through a top-down investment process.

Key points

- ◆ *Outperformance of CDS strategies over cash bond strategies*
- ◆ *Exposure to high yield with high liquidity, high diversification and low interest-rate sensitivity*
- ◆ *Macro-driven investment process that has proved effective in determining high-yield exposure*
- ◆ *Experienced, 14-strong investment team with considerable expertise in credit and high-yield CDS indices*
- ◆ *An award-winning strategy recognised of its superior advantages*

Investment case

High-yield bonds have proved an attractive alternative to equities, with lower volatility and higher or similar returns.

In addition, high-yield CDS strategies have offered higher returns than high-yield cash bonds since 31 December 2004:

- ◆ European high-yield CDS strategy: +7.8%
- ◆ European high yield cash bond strategy: +7.0%

The environment remains positive for high yield, with low default rates.

Fund concept

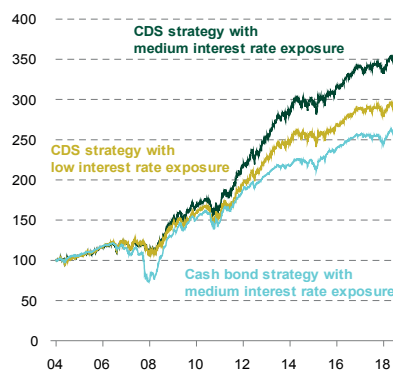
UBAM FCP Euro High Yield Solution is an innovative fund that offers liquid exposure to the high return potential of euro high-yield credit but with low interest-rate risk due to its exclusive use of European high-yield CDS indices.

The high-yield CDS index market offers high liquidity in all market conditions, in particular compared to the regular high-yield bond market, with very tight and stable bid-offer spreads.

The fund's sensitivity to interest rates is limited. Its exposure to interest rates, which goes up to 2 years, is achieved through euro-denominated AAA to AA rated sovereign debt.

The fund enables investors to achieve full exposure to the euro high-yield market by offering a diversified allocation to 75 of the most liquid non-investment-grade issuers in Europe.

High-yield CDS (iTraxx Crossover) vs. a high-yield euro cash bond strategy since 31 December 2004



	CDS strategy with medium IR exposure ¹	CDS strategy with low IR exposure ²	Cash strategy with medium IR exposure ³
Annualised return	+9.2%	+7.8%	+7.0%
Peak-to-trough	-10.1%	-11.5%	-37.7%
Time-to-recovery	5 months	5 months	10 months



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Sources: UBP, Bloomberg, JP Morgan, as at 31 August 2019

¹100% Europe iTraxx Crossover + AAA - AA EUR Government index, with historical duration of 3.6 years using BofA 3-5 US Treasury index.

²100% Europe iTraxx Crossover + AAA - AA EUR Government index, with a historical interest-rate exposure of 0.5 years using BofA 0-1 AAA - AA EUR Government.

³High-yield cash bond strategy: 100% EUR HY BofA ML. The strategy has an average historical interest rate exposure of 3.8 years. Past performance is not indicative of future results

Investment process

The investment process of UBAM FCP Euro High Yield Solution 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 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, e.g. monetary policies (LTRO, QE), the eurozone sovereign crisis, or banking regulations, and their consequences for high yield in terms of valuations and investor positioning.
- ◆ The resulting top-down allocation view determines our high-yield exposure, interest-rate sensitivity and geographical allocation.

Investment guidelines

- ◆ High-yield exposure: from 80% to 120% using standardised, liquid and cleared CDS indices
- ◆ Interest rate exposure: 0–2 years using liquid bonds through euro-denominated AAA to AA rated sovereign debt
- ◆ Geographical allocation: mainly European high yield, and US high yield up to 10%
- ◆ No structured products

Investment team

- ◆ Fourteen-strong team overseeing CHF 18.2 billion worth of fixed income assets as of 31 December 2018
- ◆ Considerable expertise in high-yield CDS index management
- ◆ Co-managers Christel Rendu de Lint and Philippe Gräub have successfully co-managed credit strategies for fifteen years

General information

Fund name	UBAM FCP Euro High Yield Solution
Sub-fund name	UBAM FCP Euro High Yield Solution
Legal form of the fund	"Fonds Commun de Placement" (FCP) under French law – UCITS
Launch date	26 June 2014
Bid/offer price	NAV
Minimum investment	1 share
Currency	EUR
Subscription/redemption	Daily
Management fee	A: 0.50%; I: 0.35%

Asset allocation is our key added value in generating outperformance

1. 6- to 9-month macroeconomic scenario

- ◆ Proprietary macroeconomic leading indicators (with track record of almost 20 years)
- ◆ 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 (such as Basel III)

3. Top-down allocation view

- ◆ High-yield exposure (from 80% to 120%)
- ◆ Interest rate exposure (from 0 to 2 years)
- ◆ Regional exposure: primarily European high yield, and US high yield up to 20%

Main risks

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

The Synthetic Risk and Reward Indicator (SRRI) relates to the IC EUR share class FR0011896612 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.

Management company	Union Bancaire Gestion Institutionnelle (France) SAS
Investment manager	Union Bancaire Privée, UBP SA, Geneva
Administrator	CACEIS Fund Administration.
Registrar/transfer agent	CACEIS Bank, France
Custodian	CACEIS Bank, France
Auditor	Ernst & Young Audit
Countries where distribution is authorised	AT, DE, FR, IT
ISIN	AC EUR: FR0011896612; IC EUR: FR0011896612

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