



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

# UBAM CONVERTIBLES EUROPE 10-40

## Drawing on the convex nature of convertible bonds within a defensive framework

The dual nature of convertible bonds – a bond instrument with an embedded conversion option – allows them to combine the defensive qualities of fixed income securities with the upside potential of equities. This attractive feature is at the root of the asset class’ intrinsic convexity. When the equity sensitivity is used moderately – as it is in UBAM Convertibles Europe 10-40 – convertible bonds become a solid alternative to corporate bonds.

### Key points

- ◆ *An alternative to European corporate bonds, through a 10% to 40% average equity sensitivity range*
- ◆ *An outstanding convex profile since inception*
- ◆ *A bottom-up, long-term fundamental security selection geared towards convexity*
- ◆ *A cautious approach to credit risk embedded throughout the investment process*
- ◆ *Lower interest rate sensitivity than straight bonds of identical duration*
- ◆ *Access to a rare asset: a long-term option feature on the issuing company’s stock*

### Investment case

Convertible bonds have a long track record of delivering equity-like returns with much lower volatility and reduced drawdowns over the long term. This comes from their dual nature – a bond instrument with an embedded conversion option – which grants them an asymmetric risk–return profile relative to equities. The benefits of convexity make convertible bonds an “all-weather” asset class as regards portfolio construction. Besides, being partly exposed to equities, convertible bonds have lower sensitivity to interest rate moves than straight bonds of identical duration.

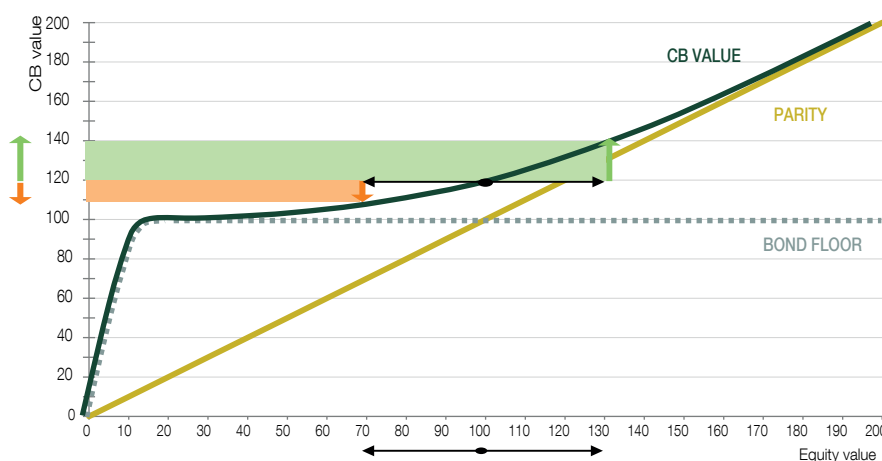
The outlook for the asset class is highly favourable as ever more companies are turning to convertibles for their financing needs and as investors are increasingly seeing them as a valid alternative to both equities and bonds.

### Fund concept

UBAM Convertibles Europe 10-40 is positioned as a defensive European convertible bond strategy, with an average equity sensitivity ranging between 10% and 40%. It aims to provide investors with a solid alternative to investments in European corporate bonds by capitalising on the most attractive features of convertible bonds. To that end, the strategy is managed according to a bottom-up, fundamental process, centered on convexity, and with a core focus on credit quality.

Thanks to its innovative positioning, UBAM Convertibles Europe 10-40 has delivered outstanding convex features over the long term.

### Convertible bonds’ asymmetrical pay-off

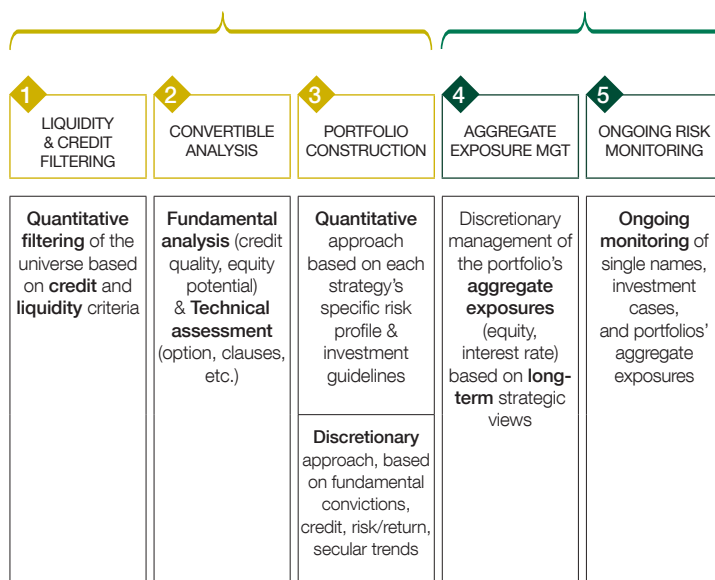


## Investment process

- ◆ Bottom-up, long-term fundamental approach geared towards convexity
- ◆ Initial quantitative filtering according to credit and liquidity criteria
- ◆ Careful analysis of the issuers' credit quality with the primary objective being capital preservation over time
- ◆ Identification of convertible instruments whose underlying equity offers solid potential for appreciation in the mid-to-long term
- ◆ Technical analysis of the option to validate the asymmetrical behaviour of the security
- ◆ Portfolio construction taking into account the strategy's specific risk profile and investment guidelines, alongside portfolio managers' fundamental convictions, credit and risk/return considerations
- ◆ Discretionary management of the portfolio's aggregate sensitivities, if necessary
- ◆ Ongoing monitoring of the investment cases and of the portfolio's aggregate exposures

### BOTTOM-UP PORTFOLIO CONSTRUCTION

### RISK MONITORING



## Investment team

- ◆ UBP has been active in the management of convertible bond strategies since 1999
- ◆ UBP's Convertible Bond team is composed of 10 investment professionals, including 5 portfolio managers
- ◆ The team can further rely on 2 senior convertible & credit advisers, a data manager, and 2 investment specialists

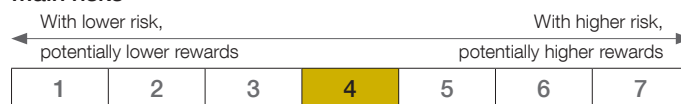
## Investment guidelines

- ◆ Average equity sensitivity: between 10% and 40%
- ◆ Scope: European convertible bond market
- ◆ Bias: investment grade (incl. internal ratings)
- ◆ Index: Thomson Reuters Convertibles Europe Hedged EUR (for information only – the fund has no official benchmark)

## General information

Fund name	UBAM Convertibles
Sub-fund name	UBAM Convertibles Europe 10-40
Legal form of the fund	French-incorporated umbrella SICAV, UCITS
Launch date	23 September 2008
Bid/offer price	NAV
Currency	EUR
Subscription/redemption	Daily
Management fee	A: 0.90%; Z: 0.20%

## Main risks



SRRI relates to the ZC EUR share class FR0011168723 as of 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 Gestion Institutionnelle (France) SAS
Administrator	CACEIS Bank France
Registrar/transfer agent	CACEIS Bank Luxembourg
Custodian	CACEIS Bank France
Auditor	Ernst & Young Audit
Countries where distribution is authorised	AT, CH, CL, DE, ES, FI, FR, GI, IT, SE, SG, UK
ISIN	AC EUR: FR0010644674, AD EUR: FR0011408384 ZC EUR: FR0011168723

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## Union Bancaire Gestion Institutionnelle (France) SAS

116, avenue des Champs-Élysées | 75008 Paris, France | ubpamfrance@ubp.com | www.ubpamfrance.com