



THE DRIVE YOU DEMAND

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

# UBAM - US HIGH YIELD SOLUTION

## Liquid exposure to the high-return potential of high-yield credit

UBAM - US High Yield Solution is an innovative fund that provides liquid exposure to the high-return potential of high-yield credit through a top-down investment process.

### Key points

- ◆ *Outperformance of CDS strategies over cash bond strategies over the long term and during crises*
- ◆ *The fund offers exposure to high-yield investments with high liquidity, broad diversification and intermediate duration*
- ◆ *Macro-driven investment process that has proved effective in determining high-yield and interest exposure*
- ◆ *Experienced, fourteen-strong investment team with considerable expertise in credit and high-yield CDS indices*
- ◆ *Building on the track record of UBAM - Global High Yield Solution, an award-winning strategy recognised for its superior advantages*

### Investment case

US high-yield bonds have proved to be an attractive alternative to equities by offering lower volatility and higher returns.

In addition to this, high-yield CDS strategies offer higher returns than high-yield cash bonds. From 31 December 2004 to 29 March 2019:

- ◆ US high yield CDS strategy: +9.1%
- ◆ US high yield cash bonds strategy: +7.0%

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

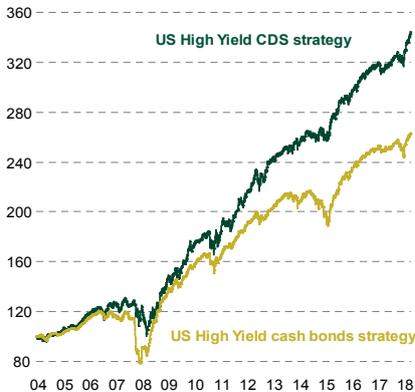
### Fund concept

UBAM - US High Yield Solution is an innovative fund that offers liquid exposure to the high-return potential of high-yield credit through the exclusive use of high-yield CDS indices.

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

The fund enables investors to achieve full exposure to the high-yield universe by offering a diversified allocation to the most liquid non-investment-grade issuers in the US: 100 equally-weighted constituents of the US high-yield CDS index.

### US high-yield CDS strategies vs. US high-yield cash bonds since 31 December 2004



	US high yield CDS strategy <sup>1</sup>	US high yield cash bond strategy <sup>2</sup>
Annualised return	9.1%	7.0%
Maximum drawdown	-18.8%	-33.2%
Recovery	7 months	8 months



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Sources: Bloomberg Finance L. P., Merrill Lynch, J.P. Morgan and UBP, as at 31.03.2019

<sup>1</sup>Track record of simulated past performance gross of fees based on a representative benchmark composite: CDX US High Yield and BoFA ML 3-5 Year US Treasury index.

<sup>2</sup>ICE BofAML US High Yield index.

Simulated past performance: The performance information presented in the chart or tables represents backtested performance. Backtested performance is hypothetical (it does not reflect trading in actual accounts) and is provided for informational purposes only to indicate historical performance if the stock selection strategy was available over the relevant period. Simulated past performance is not a reliable indicator of future performance.

## Investment process

The UBAM - US High Yield 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 high-yield segment 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 target exposure: 0-6 years, primarily via US Treasuries; the strategy is also available in an interest-rate-hedged format
- ◆ Minimum of 80% in US high yield
- ◆ Diversification of up to 20% across:
  - ▶ Regions: European high yield and EM sovereign (EM: tactical and opportunistic)
  - ▶ Ratings: US investment grade
- ◆ No structured products

## Investment team

- ◆ Fourteen-strong team overseeing CHF 18.2 billion worth of fixed-income assets as at 31 December 2018.
- ◆ Proven 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
Sub-fund name	UBAM - US High Yield Solution
Legal form of the fund	Luxembourg-incorporated umbrella SICAV, UCITS
Launch date	23 November 2016
Bid/offer price	NAV
Currency	USD (EUR/CHF/GBP/SEK/HKD)
Subscription/redemption	Daily
Management fee	A: 0.70%; I: 0.45%
Management company	UBP Asset Management (Europe) S.A.

## 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 regulation (such as Basel III)

### 3. Top-down allocation view

- ◆ High-yield exposure (from 80% to 120%)
- ◆ Interest rate exposure (from 0 to 6 years)
- ◆ Regional and rating diversification

## Main risks

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

SRRI relates to the IC USD share class LU1509912421 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.

Investment manager	Union Bancaire Privée, UBP SA, Geneva
Administrator	CACEIS Bank Luxembourg S.A.
Registrar/transfer agent	CACEIS Bank Luxembourg S.A.
Custodian	BNP Paribas Securities Services Luxembourg
Auditor	Deloitte Audit S.à.r.l., Luxembourg
Countries where distribution is authorised	AT, BE, CH, DE, ES, FI, FR, IT, LU, NL, SE, UK, SG
ISIN	AC USD: LU1509910219; IC USD: LU1509912421

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