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Fund classification under the Sustainable Financial Disclosure Regulation (SFDR): **Article 8**

UBAM - DIVERSIFIED INCOME OPPORTUNITIES

A flexible and liquid income strategy with a focus on downside risk

The rise in interest rates and yields has opened a wide range of renewed opportunities within bond markets.

UBAM - Diversified Income Opportunities aims to generate a regular level of income by investing across all sectors of fixed income universe.

Key points

- *An actively managed strategy aiming at generating a regular stream of income*
- *Downside risk similar to investment-grade bonds*
- *Leveraging UBP's fixed income expertise*
- *Access to an unconstrained fixed income universe including overlooked asset classes*
- *Emphasis on liquidity and downside risk management*

Investment case

A sharp rise in inflation has led central banks to end their zero-rate policies and embark on the fastest rate-hiking cycle in 30 years. As a result, yields have increased across the entire fixed income universe and have made global bonds' appeal stronger than it has been for many years.

However, it is critical to keep in mind that not all yielding assets perform the same in a varying macroeconomic environment. Higher yields come with higher risk, and this should be managed in a disciplined manner. Given higher interest rate volatility, investors may find it challenging to extract an attractive risk-adjusted return from a buy-and-hold fixed income strategy.

In this context, we expect that dispersion between asset classes will increase, and with this the importance of actively managing risk and portfolio allocation. Therefore, investors should stay agile and ensure they have a dynamic and diversified approach when managing an income strategy.

Fund concept

UBAM - Diversified Income Opportunities is an actively managed fund with no reference to any benchmark. It gives access to a dynamic allocation across fixed income sectors which aims to maximise its yield while focusing on an acceptable level of liquidity and downside risk. It invests in a diversified set of instruments and assets across the fixed income universe, including developed market corporates, hybrids, subordinated financials & high-yield indices; emerging market sovereign, corporate and local debt; and convertible bonds.

The strategy leverages UBP's expertise to harvest income within an unconstrained fixed income universe. An investment committee meets monthly to set out its top-down strategic and tactical views, reflecting the best ideas of UBP's fixed income teams with a disciplined downside risk framework.

Downside risk assessment is a cornerstone in the forming of the strategic top-down views. It is defined as drawdown risk in addition to other standard risk measures such as volatility. This assessment drives the overall portfolio risk budget. The portfolio is then actively managed to ensure the fund's exposure to various market risks, such as duration, credit, currency and equities, stay within the limits set by the investment committee.

Investment process

The strategy is actively managed following a 5-step investment process.



Mapping of the investment universe

Monitoring of the fixed income universe (Yield, Duration, Spread)



Top-Down views and risk budgeting

Analysis of the macroeconomic environment and sub-sector valuation in order to define portfolio target risk



Target Asset Allocation

Putting together strategic and tactical views to optimise portfolio asset allocation



Discretionary implementation

Risk budget allocated to specialist portfolio managers



Active portfolio and risk management

Management of the top-line exposures to equity, duration, credit and currency risks within the limits set by the Investment Committee

The management of the strategy benefits from independent risk monitoring

Investment team

- Investment committee composed of 7 senior members with an average of 20 years' experience in fixed income markets
- Investment committee chaired by Philippe Lespinard, who has over thirty years' financial market experience
- Strategy implemented by 2 co-lead and several specialist portfolio managers
- Broad expertise in fixed income markets and asset allocation

Investment guidelines*

- Benchmark: none
- Minimum credit rating: B- (S&P or Fitch) or B3 (Moody's)
- Regional exposure: global
- Max. exposure to emerging markets: 50%
- Max. exposure to non-USD currencies: 20%

Main risks

Bond Connect, Counterparty, Credit, Currency, Emerging Countries, ESG & Sustainability, Liquidity, Political & Social.

Please refer to the prospectus for more detailed information on the specific and material risks relevant to the Fund. This Fund does not include any protection from future market performance, so you could lose some or all of your investment.

General information

Name	UBAM – Diversified Income Opportunities
Legal form	Sub-fund of UBAM, Luxembourg-domiciled SICAV, UCITS
Base currency	USD
Currency-hedged share classes	CHF, EUR, GBP, HKD, SEK, SGD
Cut-off time	13:00 (LU time)
Inception date	10.05.2022
Minimum investment	None
Liquidity	Daily
Applicable management fee ¹	AC USD: 0.50% IC USD: 0.30% UC USD: 0.30%
Registered countries ²	CH, DE, DK, ES, FI, FR, IT, LU, NL, NO, SE, SG, UK
ISIN	AC USD: LU2443909432 IC USD: LU2443915082 UC USD: LU2443910364

Bloomberg ticker	AC USD: UBDOAC LX IC USD: UBDOCI LX
Investment manager	Union Bancaire Privée, UBP SA
Depository bank	BNP Paribas SA, 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.

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