

# UBAM

287-289, Route d'Arlon, L-1150 Luxembourg

R.C.S. Luxembourg N° B 35 412

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## INFORMATION AND NOTICE TO THE SHAREHOLDERS OF

### UBAM - GLOBAL CARRY UBAM - EUROPE MARKET NEUTRAL

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Luxembourg, November 10, 2020

Dear Shareholders,

The Board of Directors of UBAM informs you of the decision taken by circular resolution, i.e.:

The UBAM - GLOBAL CARRY sub-fund (the "Absorbed Sub-fund") will merge at midnight on 10<sup>th</sup> December 2020 with the UBAM - EUROPE MARKET NEUTRAL sub-fund (the "Absorbing Sub-fund"), the latter absorbing the former in accordance with the type of merger described in article 1 point 20 a) of the law of 17<sup>th</sup> December 2010.

This merger is motivated by the fact that the Absorbed Sub-fund's assets have become very low with less than USD 1.2 million which renders its management not very effective considering its investment policy. The sub-fund UBAM - EUROPE MARKET NEUTRAL offers a more efficient and suitable solution to the shareholders of the Absorbed Sub-fund.

The Absorbing Sub-fund has SRRI between 3 and 4 when the Absorbed Sub-Fund has SRRI of 3. The Absorbing Sub-fund's ongoing charges are lower than those of the Absorbed Sub-fund's.

The merger will become effective on 10<sup>th</sup> December 2020 at midnight.

The investment policies and objectives of the Absorbing and the Absorbed Sub-funds differ as follows:

UBAM - GLOBAL CARRY	UBAM - EUROPE MARKET NEUTRAL
<p>This sub-fund invests its net assets primarily in any kind of short-term bonds and other debt securities issued by sovereign, quasi-sovereign or worldwide companies with a minimum rating of BBB- (Fitch Ratings Ltd.) or BBB- (Standards &amp; Poor's) or Baa3 (Moody's).</p> <p>In addition, the sub-fund will use derivative instruments, including stock index futures, options and related volatility indices futures and options. The use of these derivative instruments will aim to increase distributable income and manage the portfolio volatility of the sub-fund.</p> <p>Two main derivative strategies will be implemented: a carry strategy and a risk management overlay.</p> <p>The carry strategy consists in buying and selling options and futures to generate income. The risk management overlay consists in a discretionary proprietary overlay strategy intended to provide to investors a better risk adjusted return with lower volatility and reduced drawdown.</p> <p>These strategies are based on observable economic and empiric behaviours: (a) investors are</p>	<p>This sub-fund has two sub-strategies: one is picking stocks on the European stock market and the second one is hedging the equity exposure linked to the first strategy. The second strategy is calibrated to neutralize completely (if no active bet is implemented, i.e. neutral stance) the ex-ante equity exposure of the first strategy, which translates into an equity market neutral exposure at the sub-fund level.</p> <p>This sub-fund invests its net assets:</p> <ul style="list-style-type: none"><li>- Primarily in equities issued by companies having their registered office in the European Union, the United Kingdom, Switzerland and/or in the European Economic Area and, on an ancillary basis, up to 25%, in warrants on transferable securities, convertible bonds or bonds with warrants on transferable securities, bonds and other debt securities and money market instruments. The stock selection is determined by quantitatively selecting, among a selection of European equity portfolios, the best contributors in terms of both performance and tracking error</li></ul>

UBAM - GLOBAL CARRY	UBAM - EUROPE MARKET NEUTRAL
<p>risk adverse and are therefore willing to buy protection and (b) from time to time financial markets undergo turbulent phases with declining equity prices and increasing volatilities. The carry strategy is equivalent to selling protection to risk adverse investors: implementing this strategy on a systematic basis allows to earn a premium (carry), but exposes to losses during the (statistically less frequent) turbulent periods. During these market phases the risk management overlay, (partially) hedges the carry strategy. These described dynamics and the expected behaviours of the different strategies must be understood in probabilistic terms: they refer to average statistical relationships observed over a long-time span in the past and are not a sure indication of current and future performance.</p> <p>The net asset value is expressed in USD.</p> <p><i>Standard investor profile: this sub-fund is suitable for investors willing to take higher risks linked to investments on bonds and on stock markets via derivatives in order to maximise their returns. In this way, investors should have experience in volatile products and should be able to accept significant losses. Investors should consider an investment horizon of at least 3 years in order to overcome potentially unfavourable market trends.</i></p> <ul style="list-style-type: none"> <li>- Risk calculation: absolute VaR approach</li> <li>- Leverage calculation methodology: sum of the notionals</li> <li>- Expected leverage: 250%. Please note that depending on market conditions the leverage level could be higher.</li> </ul>	<p>- In a discretionary proprietary overlay strategy intended to provide to investors a better risk adjusted return with lower volatility and reduced drawdown. This strategy will be implemented using derivative instruments comprising, among others, options and futures essentially on European equities indices, or related volatility equities indices. This hedging strategy aims to cover the market risk of the European equity market exposure by dynamically adjusting the short exposure.</p> <p>The net asset value is expressed in EUR.</p> <p><i>Standard investor profile: this sub-fund is suitable for investors willing to take higher risks linked to investments on stock markets in order to maximise their returns. In this way, investors should have experience in volatile products and should be able to accept significant losses. Investors should consider a long-term investment horizon of at least 5 years in order to overcome potentially unfavourable market trends.</i></p> <ul style="list-style-type: none"> <li>- Risk calculation: absolute VaR approach</li> <li>- Leverage calculation methodology: sum of the notionals</li> <li>- Expected leverage: 300%. Please note that depending on market conditions the leverage level could be higher.</li> </ul>

The management fees are mentioned in the below table.

The shareholders of the Absorbed Sub-fund will receive shares of the Absorbing Sub-fund of the same Type and having the closest characteristics possible (currency, capitalisation, distribution) as the shares held in the Absorbed Sub-fund, as shown in the below table:

Absorbed Sub-fund UBAM - GLOBAL CARRY				Absorbing Sub-fund UBAM - EUROPE MARKET NEUTRAL			
ISIN	Class	Applicable Management fee	Ongoing charges	ISIN	Class	Applicable Management fee	Ongoing charges
LU1603356707	AC USD	0.80%	1.74%	LU2001956809	AC USD	1.00%	1.50%
LU1603357937	IC USD	0.50%	0.94%	LU2001958094	IC USD	0.65%	0.91% (a)
LU1603358828	IHC GBP	0.50%	0.95%	LU2019298731	IHC GBP	0.65%	0.91% (a)

(a) These share classes being presently inactive, this number is an estimate

The other fees charged to the Absorbing Sub-fund are identical to those applied to the Absorbed Sub-fund.

The main part of the Absorbed Sub-fund's assets will be sold on the merger date. The fees regarding said sales will be supported by the Absorbed Sub-fund.

The contribution of the assets of the Absorbed Sub-fund being done in compliance with the investment policy of the Absorbing Sub-fund, the merger will have no negative impact on the performance and the composition of the Absorbing Sub-fund's portfolio.

Absorbed Sub-fund		Absorbing Sub-fund	
UBAM - GLOBAL CARRY		UBAM - EUROPE MARKET NEUTRAL	
Class	SRRI	Class	SRRI
LU1603356707 AC USD	3	LU2001956809 AC USD	4
LU1603357937 IC USD	3	LU2001958094 IC USD	3
LU1603358828 IHC GBP	3	LU2019298731 IHC GBP	3

UBAM - GLOBAL CARRY and UBAM - EUROPE MARKET NEUTRAL being 2 sub-funds of the same legal entity, their taxation is identical. The shareholders are however advised to seek information on the potential impact the planned merger may have on their personal taxation.

The cost of this merger will be borne by UBP Asset Management (Europe) S.A., Luxembourg.

As from the date of this notification and until the carrying out of the merger decision, (i) no shares of UBAM - GLOBAL CARRY will be issued but (ii) it shall continue to buy back its shares.

Shareholders of both the Absorbed Sub-fund and the Absorbing Sub-fund who do not agree with the merger can ask for the redemption of their shares free of charge until 1pm on 10<sup>th</sup> December 2020.

Shareholders of UBAM - GLOBAL CARRY who have not requested the redemption of their shares by 1pm on 10<sup>th</sup> December 2020 will be allocated corresponding UBAM - EUROPE MARKET NEUTRAL shares according to the above table.

The calculation of the exchange ratio will be made on 11<sup>th</sup> December 2020 by dividing the net asset value (NAV) per share of the Absorbed Sub-fund dated 10<sup>th</sup> December 2020 by the NAV of the corresponding share class of the Absorbing Sub-fund dated 10<sup>th</sup> December 2020. The calculation of the exchange ratio will be checked by Deloitte Audit Sàrl, the auditors of UBAM.

The prospectus, the Key Investor Information Documents (KIIDs) as well as the last periodic reports of UBAM will be available free of charge for all investors at the registered office of UBAM, 287-289, route d'Arlon, L-1150 Luxembourg, Grand-Duchy of Luxembourg as well as on the website of UBP ([www.ubp.com](http://www.ubp.com)). A copy of the auditor's report on the merger as well as all additional information will be available at the registered office of UBAM. The Key Investor Information Documents (KIIDs) of the Absorbing Sub-fund are also attached to the present notice.

The Board of Directors of UBAM

*Encl : Absorbing share class KIID*