



For Professional Investors in Switzerland or Professional Investors as defined by the relevant laws  
Fund classification under the Sustainable Financial Disclosure Regulation (SFDR): Article 8

## UBAM - EM SUSTAINABLE LOCAL BOND

**Invest in the largest EM debt asset class using a risk-parity methodology that focuses on the social outcome.**

UBAM - EM Sustainable Local Bond invests primarily in bonds issued by sovereign and supranational entities domiciled in, or linked to, emerging markets (EM) and denominated in local currencies. It is actively managed and seeks to capture the incremental yield and attractive return potential in EM local debt. Our total return approach ensures better diversification and risk control than traditional benchmarked strategies.

### Key points

- *Diversify the return drivers of your EM debt allocation through exposure to EM local debt*
- *Reduce the volatility of your EM local currency debt allocation by adopting a risk-parity approach*
- *Seek alternative ways to sustainably invest in EM local currency debt by allocating to specific social and environmental projects*

### Investment case

Local currency debt represents the largest segment of emerging markets fixed income, at over USD 24 tn in assets. We believe that due to the poor construct of traditional indices, investors have historically faced poor risk-adjusted returns and high concentration risk.

Traditional benchmarks in local currency capture only around 10% of the overall local currency debt market, and there are significant concentration issues, with only 20 issuers in the JPMorgan GBI-EM Global Diversified for example. As a result, 50% of the volatility within this index is concentrated in only four countries, and 75% in just seven countries.

Our fund focuses on a total-return approach that significantly expands the investment universe to 41 countries. In order to ensure the promotion of environmental and social characteristics, the fund has a minimum 20% allocation to sustainability-focused debt such as, among others, social, green, sustainable or blue bonds. Such bonds may be issued by supranational, EM sovereign or EM corporate issuers, or by supranational agencies, international organisations or development banks such as the World Bank, the IFC or the EBRD, which help finance sustainable development in emerging countries.

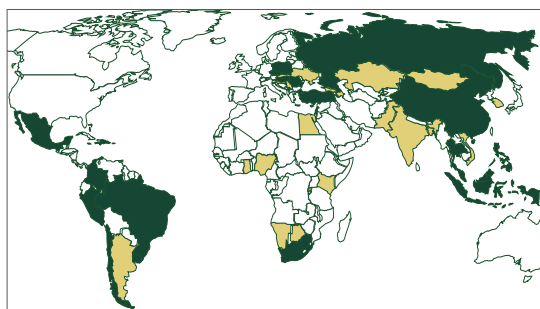
We believe this approach ensures better diversification and better risk-adjusted returns over time.

### Standard benchmark

Brazil; Chile; China; Colombia; Czech Republic; Dominican Republic; Hungary; Indonesia; Malaysia; Mexico; Peru; Philippines; Poland; Romania; Russia; Serbia; South Africa; Thailand; Turkey; Uruguay

### UBP+

Argentina; Armenia; Azerbaijan; Bangladesh; Botswana; Croatia; Costa Rica; Georgia; Ghana; Hong Kong; India; Israel; Kazakhstan; Kenya; South Korea; Singapore; Sri Lanka; Ukraine; Uzbekistan; Vietnam; Zambia



Sources: UBP, J.P. Morgan, for illustration purposes only

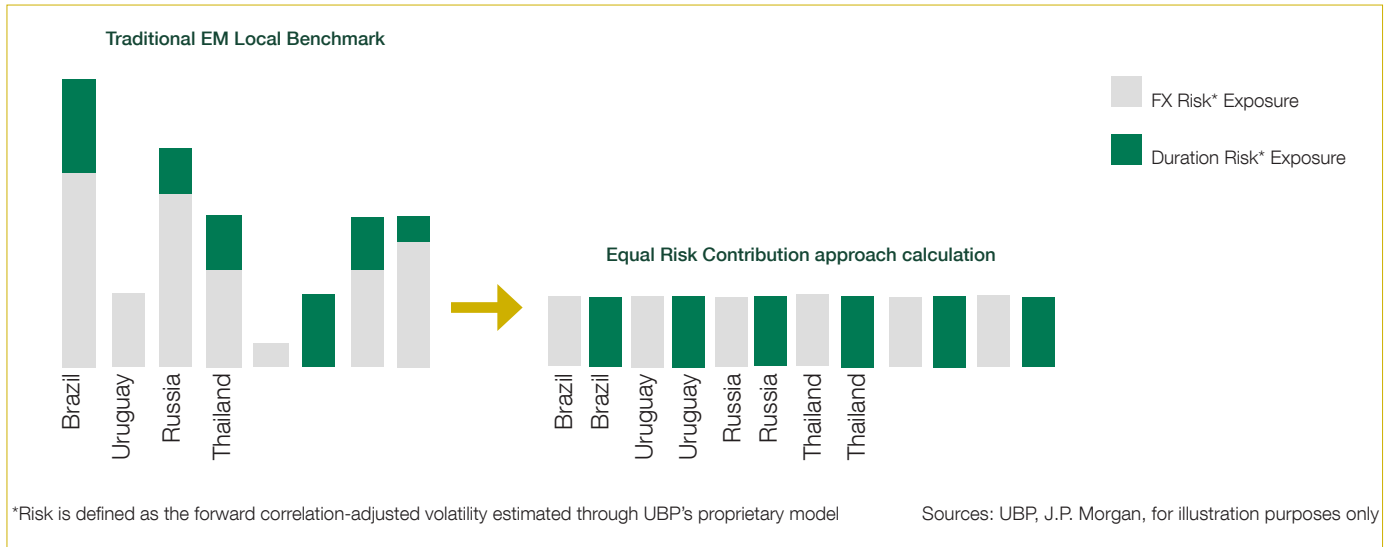
### Fund concept

The fund invests primarily in bonds issued by sovereign, corporate and supranational entities domiciled in, or linked to, emerging markets, and denominated in local currencies.

It is actively managed with thorough fundamental sovereign analysis and uses a risk-parity model to segment each country within our investment universe according to interest rate and currency risk. This allows us to appropriately size the weighting of each individual component of the portfolio and ensure that no exposure disproportionately dictates the performance of the portfolio.

Our total-return approach, combined with our risk-parity modelling, helps us avoid many of the shortcomings of the traditional indices, achieving both better returns and better control over where risks are taken.

## Investment process



- Our portfolio construction process is built around achieving lower and more stable volatility than the market before any investment is made and is not benchmark-dependent
- We can invest in the best opportunities that we identify in the broader EM local debt space – sovereign, frontier, supranational and corporate – thanks to in-house research capabilities
- Our sustainability framework is integrated in our investment process and allows us to identify ESG challenges and channel proceeds towards environmental and social goals in ESG-challenged jurisdictions
- Each country/currency is reviewed in depth by the Sovereign Committee, including macroeconomic, policy-making, political, technical, and market factors, using both fundamental research and proprietary quantitative tools.

### Investment guidelines

- Benchmark: None
- Maximum allocation to bonds with a rating below B-: 15%
- Maximum allocation to non-sovereign bonds denominated in local currency: 15%
- Maximum allocation per EM country: 15%

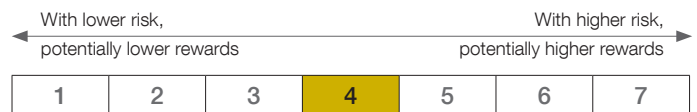
### General information

Name	UBAM - EM Sustainable Local Bond
Legal form	Sub-fund of UBAM, Luxembourg-domiciled SICAV, UCITS
Base currency	USD
Currency-hedged share classes	CHF, EUR, GBP, SEK, SGD
Cut-off time	13:00 (LU time)
Inception date	10.11.2021
Minimum investment	None
Liquidity	Daily
Applicable management fee <sup>1</sup>	IEC (USD): 0.30%; IEPC (USD): 0.175% (performance fee: 10%; hurdle: 5%; frequency: yearly - 31 December)
Registered countries <sup>2</sup>	AT, CH, DE, DK, ES, FI, FR, IT, LU, NL, NO, PT, SE, SG <sup>3</sup> , UK

### Investment team

- A seasoned team of nine professionals entirely devoted to EM, including four portfolio managers and five research analysts
- Supported by UBP's global presence and research teams.

### SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the AC USD share class LU2351007468 as of 13.10.2021 and may differ for other share classes of the same fund.

This indicator represents the fund's annual historical volatility. The level assigned reflects the risk/return profile: 1: lowest; 2: low; 3: limited; 4: average/moderate; 5: high; 6: very high; 7: highest.

Historical data such as that used to calculate the SRRI cannot be considered 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.

ISIN	IEC (USD): LU2351024398 IEPC (USD): LU2351008516 AC (USD): LU2351007468
Bloomberg ticker	N/A
Investment manager	UBP Asset Management (Europe) S.A.
Depository bank	BNP Paribas Securities Services, Luxembourg Branch
Administrator	CACEIS Bank, Luxembourg Branch

<sup>1</sup>Only the main share classes are mentioned. Available share classes include I: Institutional. The fund is not managed in reference to a benchmark.

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<sup>3</sup>Registration on a sub-fund level – restricted scheme only for accredited investors

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