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## UBAM - EM INVESTMENT GRADE CORPORATE BOND

Access the return potential of emerging market corporate bonds that offer attractive yields and diversification with low credit risk

UBAM - EM Investment Grade Corporate Bond provides investors with access to bonds denominated in hard currencies, issued by highly-rated emerging market corporates, and offering attractive yields and return potential compared with their developed-market peers with similar credit ratings, as well as lower interest-rate risk.

### Key points

- *Investment-grade issuers only*
- *Diversification and high carry*
- *Emphasis on diversification, risk-management and portfolio liquidity*
- *Strong, risk-adjusted return potential with limited credit risk*

### Investment case

The emerging market (EM) corporate bond market is a sizeable and well-diversified asset class, which gives investors access to private issuers located in the fastest-growing regions around the world. EM corporate bonds in hard currencies tend to have higher credit quality, lower duration and lower volatility than EM sovereign bonds, so they offer better risk-adjusted return potential.

In addition, EM investment-grade corporate bonds offer the advantages of high credit quality and low default risk, combined with attractive return potential thanks to higher yields and lower interest-rate risk than similarly-rated, developed market corporate bonds.

They have a limited correlation to other asset classes and are a good way of diversifying a bond portfolio.

### Fund concept

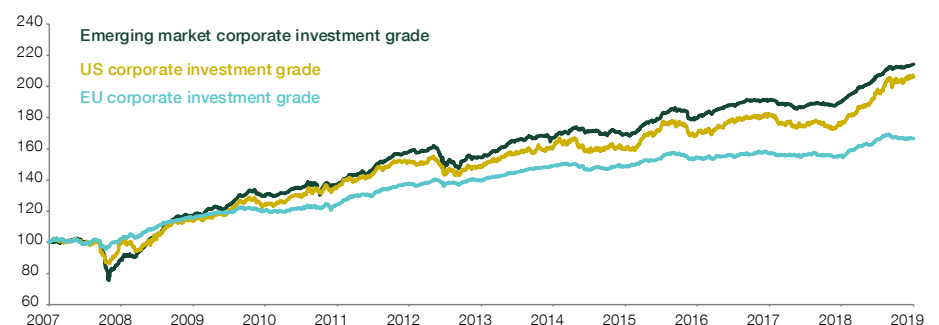
UBAM - EM Investment Grade Corporate Bond invests primarily in bonds issued by companies with strong links to emerging markets, rated investment-grade by at least one of the main rating agencies (Fitch, S&P or Moody's), and denominated in hard currencies (USD, EUR).

The fund does not invest in high-yield bonds. If a bond held in the portfolio is given a high-yield rating, it is sold as soon as market conditions allow in the interests of the fund's shareholders.

The fund aims to outperform the JPMorgan CEMBI Diversified Investment Grade over an investment cycle by maximising returns from capital appreciation and coupon income.

Subscription and redemption are daily.

### Investment-grade corporate bonds in emerging and developed markets – total return



Source: UBP as at 31 December 2019

The Fund aims to outperform the JP Morgan Corporate Emerging Market Bond Diversified Investment Grade Index (the "Benchmark"). The Benchmark is representative of the Fund's investment universe and risk profile. Past performance is not indicative of future results.

## Investment process

- Global market volatility and macro trends are analysed to help determine the portfolio's optimal duration, curve positioning and overall defensiveness/aggressiveness (e.g. beta).
- Top-down country allocation based on proprietary country scoring, which helps set maximum allocation divergence above and below the benchmark for each country.
- Bottom-up issuer and issue selection based on thorough in-house credit analysis, relative value assessment, and liquidity filtering.
- Risk-management aims to maintain a high level of diversification and liquidity in the portfolio to ensure high and consistent risk-adjusted returns over the investment cycle.

## Investment guidelines

- Benchmark index: JP Morgan CEMBI Diversified Investment Grade
- Country allocation divergence against the benchmark: max. +5%; min. -5%
- Minimum rating: investment grade by at least one of three rating agencies (S&P, Moody's or Fitch) at issue or issuer level (when the issue rating is not available)
- Maximum allocation per investment-grade bond: 5%
- Maximum total allocation to sovereign issuers: 20%

## Investment team

- A seasoned team of eight professionals entirely devoted to emerging markets, including three portfolio managers, four credit analysts and one macro & FX strategist
- Supported by UBP's global presence and research teams

## General information

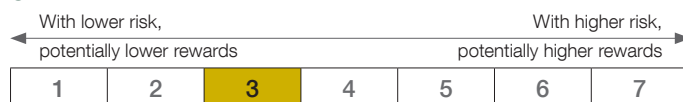
|  |  |
|--|--|
| Name                                   | UBAM - EM Investment Grade Corporate Bond                            |
| Legal form                             | Sub-fund of UBAM, Luxembourg-domiciled SICAV, UCITS                  |
| Base currency                          | USD  |
| Currency-hedged share classes          | CHF, EUR, GBP, SEK, SGD  |
| Cut-off time                           | 13:00 (LU time)  |
| Inception date <sup>1</sup>            | 01.12.2011   |
| Minimum investment                     | None   |
| Liquidity                              | Daily  |
| Applicable management fee <sup>2</sup> | AC USD: 1.00%<br>IC USD: 0.55%<br>UC USD: 0.50%                      |
| Registered countries <sup>3</sup>      | AT, CH, CL, DE, ES, FI, FR, IT, LU, NL, SE, SG, UK                   |
| ISIN                                   | AC USD: LU0862302675<br>IC USD: LU0862303640<br>UC USD: LU0862304960 |

## Three key dimensions in building portfolios

| Global market trends  | Fundamental country analysis   | Fundamental credit analysis and relative value   |
|---|--|--|
| <ul style="list-style-type: none"> <li>Global business cycle</li> <li>Risk appetite</li> <li>G3 monetary policies</li> <li>Commodities</li> </ul> | <ul style="list-style-type: none"> <li>Quantitative and qualitative analysis (country scores)</li> <li>Dynamic and short-term outlook</li> </ul> | <ul style="list-style-type: none"> <li>Credit analysis: review of issuers, peer group</li> <li>Relative value analysis: comparison across countries and sectors</li> </ul> |
| Portfolio's key metrics (e.g. duration, beta etc.) & allocation   | Country target positioning   | Issuer and bond recommendation   |

## Portfolio construction & risk monitoring

## SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the IC USD share class LU0862303640 as of 19.02.2020 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.

|                    |  |
|--------------------|--|
| Bloomberg ticker   | AC USD: UBEMACU LX<br>IC USD: UEMICIC LX           |
| Investment manager | Union Bancaire Privée, UBP SA                      |
| Depository bank    | BNP Paribas Securities Services, Luxembourg Branch |
| Administrator      | CACEIS Bank, Luxembourg Branch                     |

<sup>1</sup>On 10.08.2016, UBAM - EM Investment Grade Corporate Bond Fund became the master fund of UBAM FCP - EM Investment Grade Corporate Bond, its former French FCP master fund from which it was detached in June 2016. The inception date is the date on which UBAM FCP - EM Investment Grade Corporate Bond was launched.

<sup>2</sup>Only the main share classes are mentioned. Available share classes include A: Standard; I: Institutional; U: No entitlement to retrocessions / RDR-compliant; C: Capitalisation; P: Performance-fee. Others are available.

<sup>3</sup>Please check availability before subscribing as not all share classes are registered in all jurisdictions. Subscriptions can only be made on the basis of the fund's current Key Investor Information Document (KIID), full prospectus, and latest available audited annual report – as well as the latest semi-annual report, if published subsequently. These documents can be obtained free of charge from the fund's headquarters, general distributor (Union Bancaire Privée, UBP SA, Geneva), or local representative for the country concerned.

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