



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

UBAM - US DOLLAR BOND

US government bond fund that can proactively diversify across fixed income segments

UBAM - US Dollar Bond provides investors with access to the US government bond market. The portfolio seeks to provide an attractive yield via an optimal allocation across fixed income segments and capital appreciation through curve and interest-rate strategies.

Key points

- ◆ *US Treasuries have historically exhibited an attractive risk/return profile*
- ◆ *Macroeconomic-driven investment process that aims to optimise allocation across fixed income segments*
- ◆ *US government bond fund that can invest in high-quality credit to enhance returns when the macroeconomic view is positive for corporate bonds*
- ◆ *Fourteen-strong investment team with considerable expertise in interest rates and credit and ten years' average experience*

Investment case

Government bonds form a significant part of balanced investment portfolios' asset allocations.

As well as providing attractive returns (they have averaged 5.8% per year since 1986 in the US), they have also demonstrated their ability to protect capital: the worst annual return for US Treasuries since 1986 was -3.7% (in 2009).

As a result of their attractive historic risk return profile, US government bonds make up a substantial proportion of balanced portfolios.

Sources UBP, Bloomberg Finance L.P., ICE BofAML US Treasury Index since 1986, as of 31.03.2018

Fund concept

UBAM - US Dollar Bond consists of a core portfolio that invests primarily in USD-denominated government debt. It has the ability to diversify into quasi-government debt and high-grade credit, offering a premium to government bond yields, and it also uses liquid, risk-budgeted fixed income overlay strategies – primarily curve and interest-rate strategies – to enhance returns.

Performance of major asset classes during previous crises: credit crisis and euro sovereign crisis

	Credit crisis 2007/2008	Euro sovereign crisis 2011/2012
US Treasuries	+24.3%	+12.2%
USD investment-grade credit	-2.5%	+18.7%
USD high yield	-24.8%	+20.6%
S&P 500	-33.5%	+18.4%

Sources: UBP, Bloomberg, ICE BofAML indices, credit crisis (from 31.12.06 to 31.12.08), euro sovereign crisis (from 31.12.10 to 31.12.12)
Past performance is not indicative of future results.



Investment process

The investment process focuses on optimising the allocation across fixed income segments using a top-down approach:

- ◆ Build a 6-9-month macroeconomic scenario based on in-house economic indicators and detailed analysis of global business cycles and monetary policies. Our internal indicators have proved consistently effective over the past 15 years.
- ◆ Identify the main market themes (e.g. quantitative easing, euro sovereign crisis, banking regulation) and their consequences for fixed income markets in terms of valuation and investor positioning
- ◆ Define our top-down allocation views in terms of duration, curve, country, swap and credit exposure and build a balanced portfolio
- ◆ Bottom-up fundamental credit research and relative value analysis form the basis of name and instrument selection in our credit holdings

Investment guidelines

- ◆ Benchmark: ICE BofAML US Treasury Master Index
- ◆ Minimum government and quasi-government bond exposure: 60%
- ◆ Minimum rating for an issuer: BBB-/Baa3
- ◆ Duration exposure: +/-2 years versus the benchmark
- ◆ No structured products (e.g. CDO, ABS, MBS)

Investment team

- ◆ Fourteen-strong team overseeing CHF 17.5 billion's worth of fixed income assets as of 31.12.2017
- ◆ Co-managers Christel Rendu de Lint and Philippe Gräub have successfully co-managed similar strategies for fifteen years

General information

Fund name	UBAM
Sub-fund name	UBAM - US Dollar Bond
Legal form of the fund	Luxembourg-incorporated umbrella SICAV, UCITS
Launch date	12 July 1996
Bid/offer price	NAV
Currency	USD (EUR/CHF/GBP/SEK)
Subscription/redemption	Daily
Management fee	A: 0.50%; I :0.25%
Management company	UBP Asset Management (Europe) S.A.

1. 6 to 9-month macroeconomic scenario

- ◆ Proprietary macroeconomic leading indicators (with 12-year track record)
- ◆ 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 (Basel III), etc.

3. Top-down allocation view

- ◆ Duration exposure
- ◆ Curve exposure
- ◆ Country exposure
- ◆ Swap exposure
- ◆ Credit exposure

4. Bottom-up fundamental credit research & relative value

Name and instrument selection

Main risks

With lower risk, ← potentially lower rewards → With higher risk, → potentially higher rewards

1	2	3	4	5	6	7
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SRRI relates to USD share class. 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.

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