



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

## UBAM - EUROPE 10-40 CONVERTIBLE BOND

### Drawing on the convex nature of convertible bonds within a defensive framework

The dual nature of convertible bonds – a bond instrument with an embedded conversion option – allows them to combine the defensive qualities of fixed income securities with the upside potential of equities. This attractive feature is at the root of the asset class’ intrinsic convexity. When the equity sensitivity is used moderately – as it is in UBAM - Europe 10-40 Convertible Bond – convertible bonds become a solid alternative to corporate bonds.

#### Key points

- ◆ *A solid alternative to European corporate bonds, through a 10% to 40% average equity sensitivity range*
- ◆ *A cautious approach to credit risk –our investment process begins and ends with credit considerations*
- ◆ *Lower interest rate sensitivity than straight bonds of identical duration*
- ◆ *An outstanding convex profile since inception*
- ◆ *Access to a rare asset: a long-term option feature on the issuing company’s stock*

#### Investment case

Convertible bonds have a long track record of delivering equity-like returns with much lower volatility and reduced drawdowns over the long term. This comes from their dual nature – a bond instrument with an embedded conversion option – which grants them an asymmetric risk–return profile relative to equities. The benefits of convexity make convertible bonds an “all-weather” asset class as regards portfolio construction. Besides, being partly exposed to equities, convertible bonds have lower sensitivity to interest rate moves than straight bonds of identical duration.

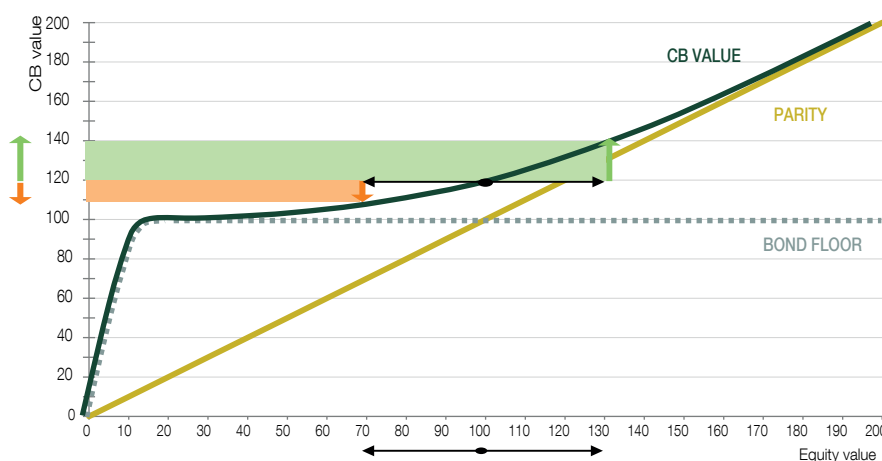
The outlook for the asset class is highly favourable as ever more companies are turning to convertibles for their financing needs and as investors are increasingly seeing them as a valid alternative to both equities and bonds.

#### Fund concept

UBAM - Europe 10-40 Convertible Bond is positioned as a defensive European convertible bond strategy, with an average equity sensitivity ranging between 10% and 40%. It aims to provide investors with a solid alternative to investments in European corporate bonds by capitalising on the most attractive features of convertible bonds. To that end, the strategy is managed according to a bottom-up process centered on convexity and with a core focus on credit quality.

Thanks to its innovative positioning, UBAM - Europe 10-40 Convertible Bond has delivered outstanding convex features over the long term.

#### Convertible bonds’ asymmetrical pay-off



Sources: UBI

Past performance is not indicative of future results

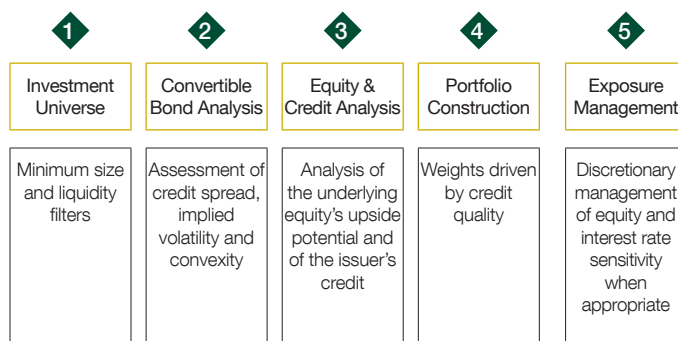


## Investment process

- ◆ Bottom-up stock-picking process focused on convexity.
- ◆ Systematic screening according to minimum size and liquidity criteria.
- ◆ Assessment of each convertible's technical features to price the straight bond and the embedded option.
- ◆ Identification of instruments whose underlying equity is a candidate for upward earnings revisions, and careful analysis of the issuers' credit quality.
- ◆ Weight allocation, based primarily on credit quality.
- ◆ Active management of aggregate sensitivities, if necessary, in line with the managers' views and the risk profile of the strategy.

A FOUR-step "bottom-up" process to trim the European convertible bond universe, to select around 100 convertible holdings

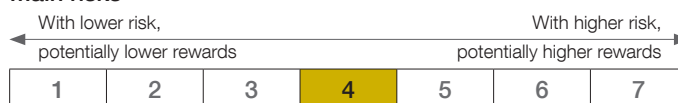
A final FIFTH step to manage all overall exposure



## Investment guidelines

- ◆ Average equity sensitivity between 10% and 40%
- ◆ Around 100 convertible bond holdings
- ◆ Investment-grade bias (incl. internal ratings)
- ◆ Index: Thomson Reuters Convertibles Europe Hedged EUR (for information only – the fund has no official benchmark)

## Main risks



SRRI relates to EUR 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.

## Investment team

- ◆ UBP has been active in the Management of convertible bond strategies since 1999.
- ◆ UBP's Convertible Bond team is composed of 10 investment professionals, incl. 4 senior portfolio managers with regional specialisation, and a senior convertibles & credit adviser.
- ◆ The team can further rely on a senior quantitative analyst, a data manager, a trader-analyst and 2 investment specialists.

## General information

Fund name	UBAM
Sub-fund name	UBAM - Europe 10-40 Convertible Bond
Legal form of the fund	Luxembourg-incorporated umbrella SICAV, UCITS
Launch date	6 April 2010
Bid/offer price	NAV
Currency	EUR (USD/CHF/GBP/SEK)
Subscription/redemption	Daily
Management fee	A: 0.9%; I: 0.6%
Management company	UBP Asset Management (Europe) S.A.

Investment manager	Union Bancaire Gestion Institutionnelle (France)
Administrator	CACEIS Bank Luxembourg S.A.
Registrar/transfer agent	CACEIS Bank Luxembourg S.A.
Custodian	BNP Paribas Securities Services Luxembourg
Auditor	Deloitte Audit S.à.r.l., Luxembourg
Country where distribution is authorised	AT, BE, CH, DE, DK, ES, FI, FR, IT, LU, NL, NO, PT, SE, SG, UK
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