



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

## UBAM - ABSOLUTE RETURN FIXED INCOME

A flexible global credit strategy seeking the most attractive credit segments in terms of risk-reward

UBAM - Absolute Return Fixed Income offers a flexible and global credit strategy targeting a return of cash +4%

### Key points

- ◆ *Flexible allocation across the most attractive segments of global credit markets*
- ◆ *Long-term, credit-like returns adding diversification and lower correlation in a typical credit portfolio*
- ◆ *Investment team with an absolute-return DNA, having delivered high, stable and uncorrelated Sharpe ratios in the past*
- ◆ *Team of fourteen global credit and fixed-income specialists covering a broad range of instruments and always seeking the best opportunities to express an investment view*
- ◆ *Highly disciplined risk-management through cross-checks between top-down risk-budgeting and bottom-up risk-monitoring*

### Investment case

In the current climate of moderate growth and low rates, traditional index-driven strategies are generating lower returns than investors have been used to. This new regime on global credit markets requires a flexible (i.e. benchmark-agnostic), global approach to investing in fixed income.

Investors aiming at annualised returns of 4% should consider the agile strategy of UBAM - Absolute Return Fixed Income.

### Fund concept

UBAM - Absolute Return Fixed Income seeks to provide a balanced risk-reward profile throughout macroeconomic and market cycles using a top-down allocation process across global credit markets. The strategy's agility in terms of asset exposure, with no benchmark-related constraints and a liquidity bias, allows for a proactive allocation to the most attractive credit market segment. The fund targets EONIA +4% with typical volatility of 4%.

Asset allocation and portfolio construction are tightly risk-controlled to minimise drawdown and volatility. Risk management is at the core of the investment decision-making process through the cross-checking between top-down risk budgeting and bottom-up risk monitoring. In particular, the dynamic of the asset class correlation in stressed scenarios is central to the risk budgeting.

The investment team's absolute return DNA has delivered a robust track record of risk-adjusted performance across macroeconomic cycles and financial market conditions.

### Structural and demographic headwinds should keep yields low



Sources: Bloomberg Finance L.P., UBP, as of 31.03.2018, quarterly data.  
Past performance is not indicative of future results



## Investment process

The investment process is based on three dimensions:

- ◆ Top-down: The team bases its investment views on macroeconomic analysis, the identification of overarching market themes, as well as sentiment and valuation analysis.
- ◆ Asset allocation: The investment views are converted into a global asset allocation after a comprehensive risk review, including volatility, correlation and drawdown analysis in normal and stress scenarios.
- ◆ Bottom-up: The portfolio construction is supported by fundamental credit research and relative value analysis. The team cross-checks and ensures consistency between the portfolio risk and the asset allocation risk analysis.

## Investment guidelines

- ◆ Maximum high-yield exposure: 80%
- ◆ Maximum emerging market exposure: 60%

## Investment team

- ◆ Fourteen-strong team overseeing CHF 17.5 billion worth of fixed-income assets as at 31 December 2017.
- ◆ An integrated team covering macroeconomic research, strategy and allocation, fundamental credit research, quantitative research, relative value research and trading & execution.
- ◆ Co-managers Christel Rendu de Lint and Philippe Gräub have successfully co-managed credit strategies for fifteen years.

## Input

### 1. Top-down

Macroeconomic analysis

- ◆ Cyclical & structural trends, monetary policies
- ◆ Politics and overarching market themes
- ◆ Sentiment & valuation analysis

### 2. Asset allocation

Risk analysis and sizing

- ◆ Volatility and correlation analysis
- ◆ Stress tests and drawdown scenarios

### 3. Bottom-up

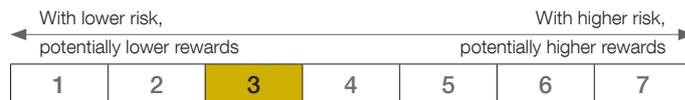
Bottom-up credit research and valuation analysis

- ◆ Fundamental credit research
- ◆ Relative value: e.g. CDS vs. bond, or EUR vs. USD

## Output

Investment views, e.g.	Asset allocation, e.g.	Portfolio
▶ We are cautious on rates	Duration -2 y → +6 y	▶ Issuer selection
▶ We like IG corporate spreads	High yield 0% → 50%	▶ Instrument selection
▶ We like national champions in banking and high yield	EM 0% → 40% Non EUR 0% → 30%	▶ Currency selection

## 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.

## General information

Fund name	UBAM
Sub-fund name	UBAM - Absolute Return Fixed Income
Legal form of the fund	Luxembourg-incorporated umbrella SICAV, UCITS
Launch date	20 June 2014
Bid/offer price	NAV
Currency	EUR (USD/CHF/GBP/SEK)
Subscription/redemption	Daily
Management fee	AP: 0.80%; IP: 0.50%
Performance fee	A, I: 10% above Eonia

Management company	UBP Asset Management (Europe) S.A.
Investment manager	Union Bancaire Privée, UBP SA, Geneva
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, ES, FI, FR, IT, LU, NL, PT, SE, UK
ISIN	APC EUR: LU1088683765; IPC EUR: LU1088686941

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Rue du Rhône 96-98 | P.O. box 1320 | 1211 Geneva 1 | Switzerland | ubp@ubp.com | www.ubp.com