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## 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

- *An alternative to European corporate bonds, through a 10% to 40% average equity sensitivity range*
- *An outstanding convex profile since inception*
- *A bottom-up, long-term fundamental security selection geared towards convexity*
- *A cautious approach to credit risk embedded throughout the investment process*
- *Lower interest rate sensitivity than straight bonds of identical duration*
- *Access to a rare asset: a long-term option feature on the issuing company's stock*

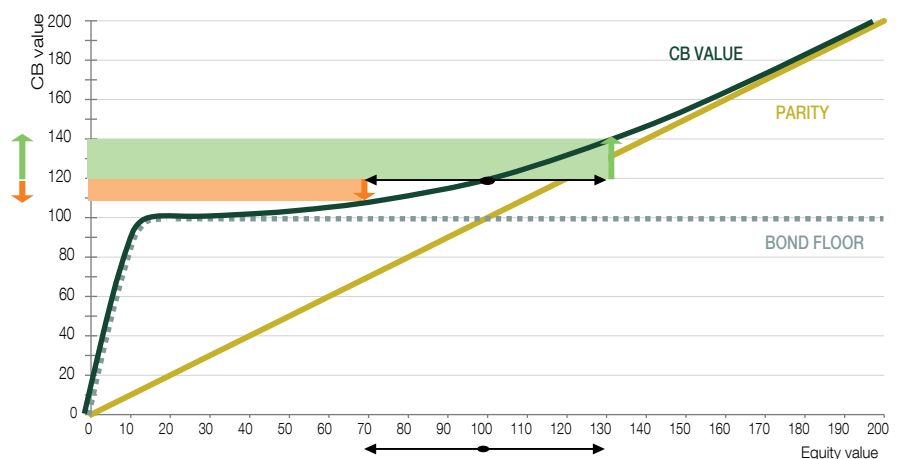
#### Investment case

- 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



Source: UBP Asset Management (France)  
Past performance is not indicative of future results

## Investment process

- Bottom-up, long-term fundamental approach geared towards convexity
- Initial quantitative filtering according to credit and liquidity criteria
- Careful analysis of the issuers' credit quality with the primary objective being capital preservation over time
- Identification of convertible instruments whose underlying equity offers solid potential for appreciation in the mid-to-long term
- Technical analysis of the option to validate the asymmetrical behaviour of the security
- Portfolio construction taking into account the strategy's specific risk profile and investment guidelines, alongside portfolio managers' fundamental convictions, credit and risk/return considerations
- Discretionary management of the portfolio's aggregate sensitivities, if necessary
- Ongoing monitoring of the investment cases and of the portfolio's aggregate exposures

## Investment team

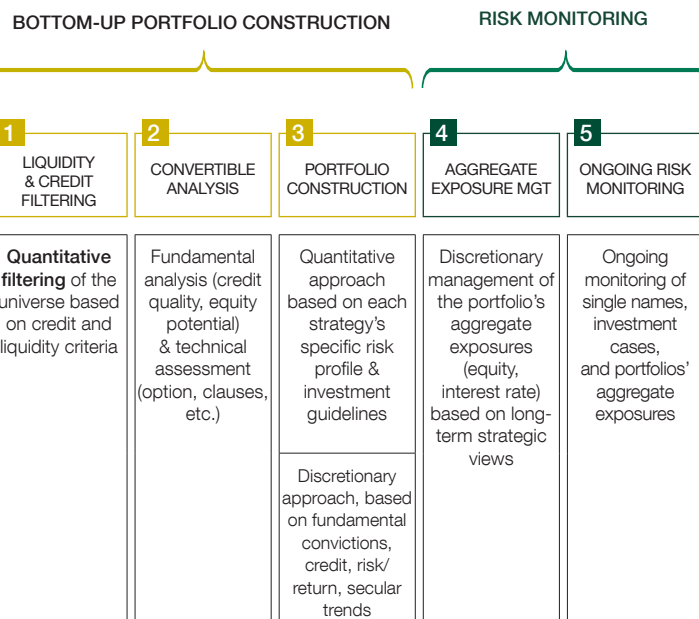
- UBP has been active in the management of convertible bond strategies since 1999
- UBP's Convertible Bond team is composed of nine dedicated investment professionals, including five portfolio managers
- The team can further rely on a senior convertibles & credit adviser, a data manager and two investment specialists

## Investment guidelines

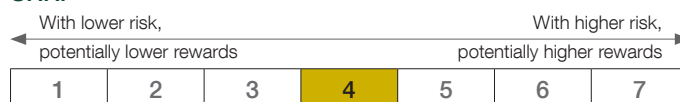
- Average equity sensitivity: between 10% and 40%
- Scope: European convertible bond market
- Bias: investment grade (incl. internal ratings)
- Index: Refinitiv Europe Hedged Convertible Bond Index (EUR)

## General information

Name	UBAM - Europe 10-40 Convertible Bond
Legal form	Sub-fund of UBAM, Luxembourg Domiciled SICAV, UCITS
Base currency	EUR
Currency Hedged Share	CHF, GBP, USD, SEK
Classes	
Cut-off time	13:00 (LU time)
Inception date	23.09.2008
Minimum investment	None
Liquidity	Daily
Applicable management fee <sup>1</sup>	AC EUR: 0.90%; IC EUR: 0.60%; UC EUR: 0.60%



## SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the IC EUR share class LU0500231500 as of 25.05.2020 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.

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ISIN	AC EUR LU0500231252; IC EUR: LU0500231500; UC EUR: LU0862306239
Bloomberg ticker	AC EUR UBEUACE LX; IC EUR: UBEUICE LX
Investment manager	Union Bancaire Gestion Institutionnelle (France) SAS
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; U: RDR-compliant; C: Capitalisation. Others are available.

<sup>2</sup>Please check availability before subscribing as not all share classes are registered in all jurisdictions.

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