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UBAM – GLOBAL HEALTHCARE CONVERTIBLE BOND

Drawing on the convex nature of convertible bonds to invest in the healthcare revolution

The dual nature of convertible bonds – namely 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. By investing in convertible bonds, UBAM – Global Healthcare Convertible Bond aims to provide investors with an exposure to the rapidly-changing healthcare industry in a lower volatility format than with direct equity investing.

Key points

- *An innovative thematic approach to convertible bond markets*
- *Access to the healthcare industry's revolution in a volatility-controlled framework*
- *Access to a deep and fast-growing market segment*
- *Dedicated liquidity- and convexity-driven process*

Investment case

The healthcare sector has historically been a consistent driver of performance and its prospects are strong. Healthcare companies are at the crossroads of multiple secular trends. These range from a growing and ageing world population, to the expansion of healthcare systems in developing markets, through the development of “on-demand” medicine. The healthcare industry is at the centre of a deep revolution that will play out over the coming years.

Convertible bonds allow investors to hold an equity exposure to healthcare companies with lower volatility than through direct equity investing. This comes from their dual nature – namely, a bond instrument with an embedded conversion option. Importantly, the healthcare convertible bond market is rich and diversified. It gives investors access to companies operating in a variety of businesses, from pharmaceuticals to biotechnology, as well as life science tools & services.

Fund concept

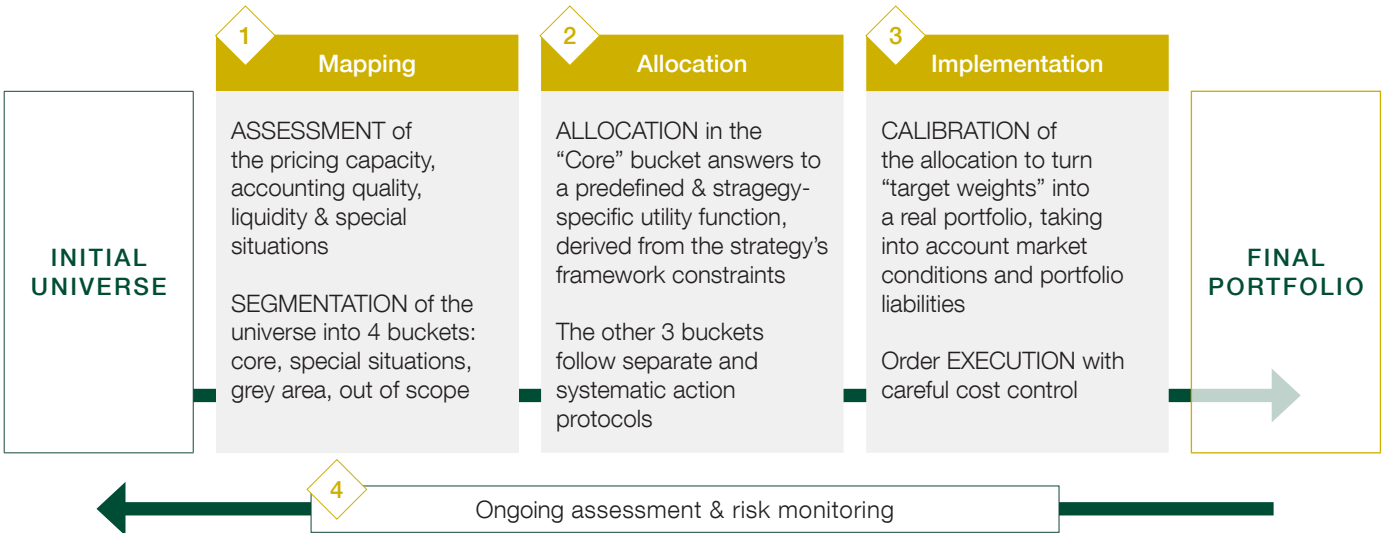
UBAM – Global Healthcare Convertible Bond seeks to capitalise on the convex nature of convertible bonds to offer investors access to the buoyant healthcare market (GICS classification) with lower volatility and short-term drawdown risk than through direct equity investing.

The strategy is managed quantitatively, in line with an allocation approach designed to enhance the asymmetric risk–return payoff profile of convertible bonds. The approach is dedicated, as well as liquidity- and convexity-driven. It relies on disciplined analysis of the universe, is “vanilla” (convertible bonds only) and guarantees full transparency at every step of the investment process.

Investment team

- UBP has been active in the management of convertible bond strategies since 1999
- UBP's Convertible Bond team is composed of 9 dedicated investment professionals, including 6 portfolio managers
- The team can further rely on a data manager and 2 investment specialists
- Under the supervision of Marc Basselier, head of UBP's convertible bond franchise, the Quantitative unit is led by Senior Portfolio Manager Alain Tematio

Investment process



The strategy is managed according to a 4-step quantitative allocation approach. The objective is to enhance convertible bonds' asymmetric risk–return profile over time in a defined segment of the universe (e.g. global healthcare).

- Preliminary phase: identification of the investment universe (global healthcare convertible bonds, US-listing)
- Step 1: **Mapping.** Assessment of each component of the investment universe according to strict quantitative criteria (e.g. pricing capacity, accounting quality, liquidity) leading to its segmentation into 4 buckets (Core, Special Situation, Grey Area, Out of Scope).
- Step 2: **Allocation.** The allocation scheme within the "core" bucket aims to improve the portfolio's convexity and liquidity

in keeping with the strategy's investment objective. The other three buckets follow separate and systematic action protocols. The resulting target allocation complies with the risk framework of the strategy.

- Step 3: **Implementation.** Calibration of the allocation defined in step 2 to turn "target weights" into a real portfolio, taking prevailing market conditions and portfolio liabilities into account. Execution of the orders under careful cost control.
- Step 4: **Ongoing assessment** of the first three steps and attentive risk monitoring.

Investment guidelines

- Investment in US-listed healthcare companies (GICS classification)
- Investment in plain-vanilla convertible bonds only
- Foreign currency hedging

SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the IC USD (Capitalisation) share class LU2350905548 as of 06.07.2021 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.

General information

Name	UBAM - Global Healthcare Convertible Bond
Legal form	Sub-fund of UBAM, Luxembourg-incorporated SICAV, UCITS
Base currency	USD
Currency-hedged share classes	CHF, EUR, GBP, SEK
Cut-off time	13:00 (LU time)
Inception date	06.07.2021
Minimum investment	None
Liquidity	Daily
Applicable management fee ¹	AC USD: 1.00% IC USD: 0.65% UC USD: 0.65%
Registered countries ²	AT, CH, DE, DK, ES, FI, FR, IT, LU, NO, PT, SE, SG, UK
ISIN	AC USD: LU2350903410 IC USD: LU2350905548 UC USD: LU2350904574

Bloomberg ticker	AC USD: UGHCBAC LX IC USD: UGHCBIC LX
Investment manager	Union Bancaire Gestion Institutionnelle (France) SAS
Depository bank	BNP Paribas Securities Services, Luxembourg Branch
Administrator	CACEIS Bank, Luxembourg Branch

¹Only the main share classes are mentioned. Available share classes include I: Institutional; U: RDR-compliant; C: Capitalisation. Others are available.

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