



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

UBAM CONVERTIBLES EUROPE

Benefit from the asymmetrical return profile of convertible bonds

Convertible bonds combine the defensive qualities of fixed income securities with the upside potential of equities, granting them an asymmetrical return profile. This simple feature has great virtues over the long term since it enables the asset class to deliver equity-like returns with much lower volatility. UBAM Convertibles Europe is a strong alternative to investing in European equities.

Key points

- ◆ *A strong alternative to European equities providing similar returns over the long term with contained volatility*
- ◆ *A cautious approach to credit risk - our investment process begins and ends with credit considerations*
- ◆ *A stable investment team - working together for the past 15 years*
- ◆ *A favourable outlook for the asset class*
- ◆ *Currently a good entry point in the market*

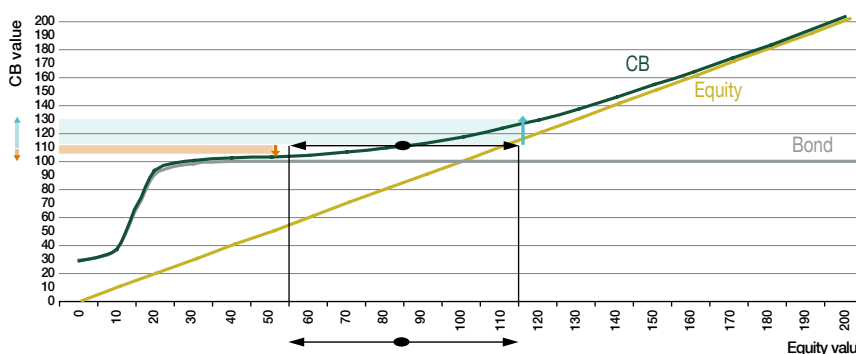
Investment case

Convertible bonds have a long track record of delivering equity-like returns with much lower volatility and improving the risk-return profile of a diversified portfolio.

Being partly sensitive to equity, convertible bonds have a lower interest rate sensitivity than straight bonds of identical maturity and are therefore less sensitive to potential interest rate hikes. Additionally, European convertible bonds currently exhibit cheap options features compared to listed options, which makes them a strong alternative when seeking optionality.

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

Convertible bonds' asymmetrical pay-off



Source: UBI

Fund concept

UBP has managed convertible bonds successfully since 1999. Our funds are designed to capitalise on the most attractive features of convertibles, using an objective, bottom-up process with no equity or bond bias. The fund is exposed to equity markets from 20% to 80%. These boundaries enable the fund to limit the downside risk and volatility, while the active management of its equity exposure grants equity-like return over the long run.

UBAM Convertibles Europe is a valid alternative to investing in European equities.



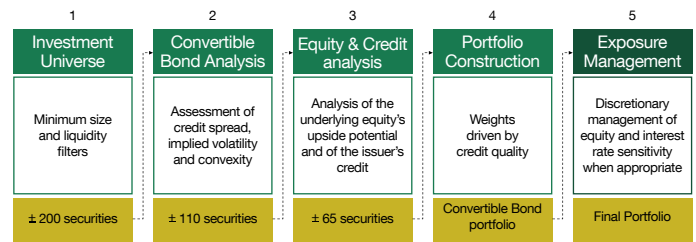
Investment process

Our stock-selection is based on a pure bottom-up process centered on convexity.

- ◆ A systematic filter pre-screens the universe for minimum size and liquidity characteristics
- ◆ We analyse the technical characteristics of each convertible bond to price the straight bond and the value of the option embedded within the convertible structure. We always use the most conservative credit risk measures to calculate the bond value
- ◆ We seek potential earnings upgrades in the underlying equity of the remaining securities and analyse the issuer's credit in detail
- ◆ The portfolio is constructed based on credit considerations.
- ◆ All exposures are managed globally to ensure that the overall sensitivities are in line with the portfolio manager's market views

A FOUR step "bottom up" process to trim the European convertible bond universe from 270 securities to around 65 portfolio positions

A final FIFTH step to manage all overall exposure



Investment team

- ◆ The UBP Convertible Bond team is composed of 12 investment professionals, all dedicated to the asset class.
- ◆ Jean-Edouard Reymond, head of the Convertible Bond team, has appointed four region-specific portfolio managers who act as his back-up in the daily management of the funds.
- ◆ Beyond their geographical specialisation, they also act as contributors throughout the range on credit, volatility and option-related matters.
- ◆ The team can further rely on a senior convertibles and credit adviser, a senior quantitative analyst, a junior trader, a front developer and two investment specialists.

Investment guidelines

- ◆ Equity sensitivity ranging from 20% to 80%
- ◆ Around 65 holdings
- ◆ No more than 10% in any private issuer
- ◆ No single line accounts for more than 8% of delta
- ◆ Maximum in OPCVMs: 10%
- ◆ Active cash management
- ◆ Not managed against a benchmark

General information

Fund name	UBAM Convertibles
Sub-fund name	UBAM Convertibles Europe
Legal form of the fund	French-incorporated umbrella SICAV, UCITS
Launch date	7 June 1999
Bid/offer price	NAV
Minimum investment	0.001 share
Currency	EUR (CHF/USD/GBP)
Subscription/redemption	Daily
Management fee	A: 1.196%

Investment manager	Union Bancaire Gestion Institutionnelle (France) SAS
Administrator	CACEIS Fund Administration
Registrar/transfer agent	CACEIS Bank France
Custodian	CACEIS Bank France
Auditor	Ernst & Young Audit
Country where distribution is authorised	CH, CL, DE, ES, FR, IT, SG, UK
ISIN	AC EUR: FR0000941312; AD EUR: FR0011408392

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