



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

## UBAM – ABSOLUTE RETURN LOWVOL FIXED INCOME

A flexible global fixed income allocation for all market conditions with low volatility

### Key points

- *Ample flexibility to be positioned on the most attractive sub-segments of global fixed income markets*
- *Proven ability to deliver stable, attractive excess returns over cash with ultra-low historical volatility*
- *Very appealing risk-reward profile*
- *Designed to benefit from a rising rate environment, with a modified duration varying from -2 to +4 years*
- *Core risk management approach through cross-checks between top-down risk budgeting and bottom-up risk monitoring*
- *No correlation to the major asset classes*

### Investment case

In a moderate-growth and low-rate scenario, traditional index-driven strategies would not meet investors' expectations in terms of returns.

Across market and macroeconomic cycles, global fixed income segments do not offer the same investment opportunities. A top-down macro-driven strategy offers a broader opportunity set for an unbenchmarked global fixed income portfolio.

Flexible allocation strategies across global fixed income markets add value in all economic and market conditions, by adding diversification while reducing volatility.

Absolute return global allocation strategies without a reference to a benchmark require disciplined risk monitoring and liquidity focus.

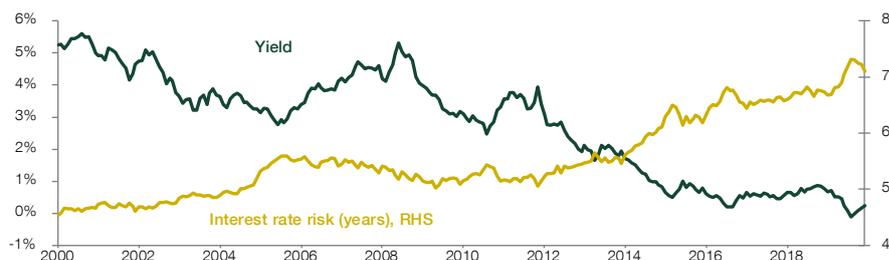
### Fund concept

Using a top-down-driven allocation process across global credit and interest rate markets, UBAM - Absolute Return Low Vol Fixed Income seeks to provide a balanced risk/reward profile throughout macroeconomic and market cycles. The fund's agility in terms of fixed-income asset exposure, with no benchmark-related constraints and a liquidity bias, allows for a proactive allocation to the most attractive segments. The fund is designed to deliver excess return over cash in a zero or negative yield environment.

In this respect, the investment objective is to provide investors with fixed income-like returns even with rising interest rates. The fund's modified duration can vary from -2 to +4 years.

Asset allocation and portfolio construction are tightly risk-controlled to minimise drawdown and mitigate volatility. Risk management is at the core of the investment decision process through cross-checking between top-down risk-budgeting and bottom-up risk monitoring. In particular, the asset class' correlation dynamic in stressed scenarios is central to the risk budgeting. The investment team has a robust track record of risk-adjusted performance across macroeconomic cycles and financial market conditions.

### Lower yields but higher interest rate risk in euro aggregate: time to look at absolute return strategies



Sources: UBP, Bloomberg Finance L.P. As of 31.12.2019.

The broad euro market is represented by the ICE BofAML Euro Broad Market (EMU0) index. Interest rate risk is modified duration. Past performance is not indicative of future results

## Investment process

- Investment process based on three dimensions
- Top-down: The team determines its investment views based on macroeconomic analysis, the identification of overarching market themes, and 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

- Interest rate exposure: between -2 and +4 years
- Minimum security rating: B-
- Maximum non-investment-grade exposure: 50%
- Maximum EM exposure: 40%
- Maximum currency diversification: 30%

## Investment team

- Fourteen-strong team overseeing CHF 19.4 billion worth of fixed-income assets as at 31 December 2019.
- 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 over fifteen years.

## General information

|  |   |  |
|--|---|--|
| Name                                   | UBAM - Absolute Return Low Vol Fixed Income           |  |
| Legal form                             | Sub-fund of UBAM, Luxembourg-domiciled SICAV, UCITS   |  |
| Base currency                          | EUR   |  |
| Currency-hedged share classes          | CHF, GBP, SEK, USD                                    |  |
| Cut-off time                           | 13:00 (LU time)                                       |  |
| Inception date                         | 19.06.2013  |  |
| Minimum investment                     | None  |  |
| Liquidity                              | Daily   |  |
| Applicable management fee <sup>1</sup> | AC EUR: 0.75%<br>IC EUR: 0.50%<br>UC EUR: 0.50%       | APC EUR: 0.50%<br>IPC EUR: 0.25%<br>UPC EUR: 0.25% |
| Performance fee <sup>2</sup>           | 20% above Eonia + 1%<br>(applicable only to P-shares) |  |

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## Union Bancaire Privée, UBP SA

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## 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  +4 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%             | - Currency selection   |
|  | Non-EUR 0%  30%        |                        |

## SRRI



The SRRI (Synthetic Risk and Reward Indicator) relates to the IPC EUR share class LU0940721409 as of 19.02.2020 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.

|                                   |  |
|-----------------------------------|--|
| Registered countries <sup>3</sup> | AT, CH, DE, ES, FI, FR, IT, LU, NL, SE, SG, UK   |
| ISIN                              | AC EUR: LU1315126943 APC EUR: LU0940720344<br>IC EUR: LU1315129293 IPC EUR: LU0940721409<br>UC EUR: LU1315131430 UPC EUR: LU0940722803 |
| Bloomberg ticker                  | AC EUR: UBUBAEC LX IPC EUR: UBUNIFE LX<br>APC EUR: UBUNAPE LX  |
| Investment manager                | Union Bancaire Privée, UBP SA  |
| 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 A: Standard; I: Institutional; U: No entitlement to retrocessions / RDR-compliant; C: Capitalisation; P: Performance-fee. Others are available.

<sup>2</sup>The Fund is actively managed with an absolute return approach and seeks a positive performance above the prevailing cash rate in the reference currency of any given share class while maintaining volatility below 2%.

<sup>3</sup>Please check availability before subscribing as not all share classes are registered in all jurisdictions. Subscriptions can only be made on the basis of the fund's current Key Investor Information Document (KIID), full prospectus, and latest available audited annual report – as well as the latest semi-annual report, if published subsequently. These documents can be obtained free of charge from the fund's headquarters, general distributor (Union Bancaire Privée, UBP SA, Geneva), or local representative for the country concerned.