

A standout market opportunity

UBS Asset Management—China High Yield

Given the low or negative yield environment in many established fixed income markets, China bonds really stand out. The UBS China High Yield strategy provides access to the growing China credit markets and focuses on attractive risk-adjusted returns.

Why China high yield bonds?

Interest in Chinese bonds has increased, aided by a market that is opening up, index inclusion, better trading liquidity and more investor awareness of emerging market debt. There are clear signs of a maturing market, especially in the field of corporate bonds, and similar to equities, Chinese bonds also share the important attribute of low correlation to global developed market bonds.

Continuing growth of China credit market

In line with the overall bond market, the credit market in China has also grown substantially, and is now a significant part of the Asian and global fixed income market. Opportunity sets within the China credit market are broadening.



Why UBS China High Yield strategy?

 **Performance**
 Strong track record¹

 **Dependable income source**
 > 6% distribution yield p.a.²

 **"Boots-on-the-ground" research**
 Experts in China with longstanding experience of >20 years

 **Dynamic approach**
 in navigating evolving markets

 **Top foreign Asset Manager in China**
 (according to Broadridge, April 2020)

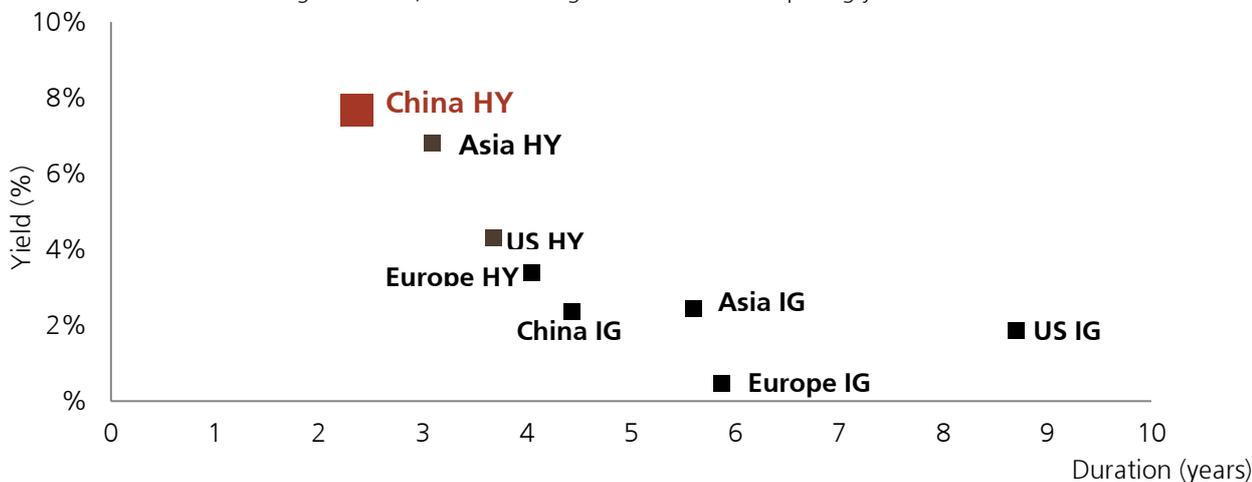
Source: UBS Asset Management, Morningstar. As of end January 2021

¹ Based on representative strategy: UBS China High Yield Bond Composite.

² Equivalent yield is derived from simple arithmetic calculation where the dividend is divided by the NAV, and annualized thereafter. Please use this for REFERENCE ONLY.

Attractive yields compared to US and Euro High Yield

In a world of low and/or negative rates, China USD High Yield offers a compelling yield combined with lower duration risk.



Source: Bloomberg, J.P. Morgan. As represented by Bloomberg Barclays US Aggregate Corporate Index, Bloomberg Barclays Euro Aggregate Corporate index, JACI Investment Grade, JACI China Investment Grade, Bloomberg Barclays US Corporate High Yield Index, Bloomberg Barclays Pan-European High Yield Index, JACI Non-Investment Grade, and JACI China Non-Investment Grade. As of end January 2021.

Proven investment process

Active allocation to sectors with the best risk/reward ratio as the market changes



For illustrative purposes only.

- 
Top-down strategy
 - Responsibility: Strategy and PM-team, credit research, FIIF
 - Analysis of macro trends and market developments
- 
Bottom-up strategy
 - Responsibility: Credit research, Strategy and PM-team, SI-team
 - Fundamental company and ESG analysis, Avoidance of defaults and tail risks
- 
Portfolio construction
 - Responsibility: Strategy and PM-team
 - Alignment of client needs, investment goals and market environment
- 
Implementation
 - Responsibility: Strategy and PM-team
 - Best execution and timing
- 
Risk management and performance evaluation
 - Responsibility: Strategy and PM-team and independent Risk-Control Team
 - Continuous strategy-analysis and adjustments

Why UBS-AM for China High Yield?



- ✓ Longstanding history in Asia
- ✓ Only true pure greater China strategy among peers
- ✓ PM team with more than 17 years³ average industry experience
- ✓ 30+ Credit Research Analysts

³ Source: UBS Asset Management. As of January 2021

Hayden Briscoe has overall responsibility for all Asia Pacific fixed income activities at UBS Asset Management. This includes fixed income investment capabilities in Hong Kong, Singapore, Japan, Australia and China. He is also a member of the Global Fixed Income Management and Global Fixed Income Investment Committees.

Ross Dilkes is a portfolio manager within the Asia fixed income team and has responsibility for all credit strategies across Asian high yield and investment grade.

Smit Rastogi is a portfolio manager with the Asia fixed income team. He assists with the management of the Asian

USD credit portfolios, contributing to security selection and portfolio construction.

Brian Lou is a portfolio manager with the Pan Asia fixed income team. He is based in Shanghai and has responsibility for the analysis, development and implementation of China onshore interest rate and credit bond strategies.

Jiayi Yew is a portfolio manager with the Pan Asia fixed income team and is responsible for analysing, developing and implementing China fixed-income strategies.

For marketing and information purposes by UBS. For global professional / qualified / institutional clients and investors.

This document does not replace portfolio and fund-specific materials. Commentary is at a macro or strategy level and is not with reference to any registered or other mutual fund.

Americas

The views expressed are a general guide to the views of UBS Asset Management as of March 2021. The information contained herein should not be considered a recommendation to purchase or sell securities or any particular strategy or fund. Commentary is at a macro level and is not with reference to any investment strategy, product or fund offered by UBS Asset Management. The information contained herein does not constitute investment research, has not been prepared in line with the requirements of any jurisdiction designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. All such information and opinions are subject to change without notice. Care has been taken to ensure its accuracy but no responsibility is accepted for any errors or omissions herein. A number of the comments in this document are based on current expectations and are considered "forward-looking statements." Actual future results, however, may prove to be different from expectations. The opinions expressed are a reflection of UBS Asset Management's best judgment at the time this document was compiled, and any obligation to update or alter forward-looking statements as a result of new information, future events or otherwise is disclaimed. Furthermore, these views are not intended to predict or guarantee the future performance of any individual security, asset class or market generally, nor are they intended to predict the future performance of any UBS Asset Management account, portfolio or fund.

EMEA

The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith, but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the document. UBS AG and / or other members of the UBS Group may have a position in and may make a purchase and / or sale of any of the securities or other financial instruments mentioned in this document. Before investing in a product please read the latest prospectus carefully and thoroughly. Units of UBS funds mentioned herein may not be eligible for sale in all jurisdictions or to certain categories of investors and may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units. Commissions and costs have a negative impact on performance. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency fluctuations. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient. The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient's personal use and information purposes only. This document may not be reproduced, redistributed or republished for any purpose without the written permission of UBS AG. This document contains statements that constitute "forward-looking statements", including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

UK

Issued in the UK by UBS Asset Management (UK) Ltd. Authorised and regulated by the Financial Conduct Authority.

APAC

This document and its contents have not been reviewed by, delivered to or registered with any regulatory or other relevant authority in APAC. This document is for informational purposes and should not be construed as an offer or invitation to the public, direct or indirect, to buy or sell securities. This document is intended for limited distribution and only to the extent permitted under applicable laws in your jurisdiction. No representations are made with respect to the eligibility of any recipients of this document to acquire interests in securities under the laws of your jurisdiction. Using, copying, redistributing or republishing any part of this document without prior written permission from UBS Asset Management is prohibited. Any statements made regarding investment performance objectives, risk and/or return targets shall not constitute a representation or warranty that such objectives or expectations will be achieved or risks are fully disclosed. The information and opinions contained in this document is based upon information obtained from sources believed to be reliable and in good faith but no responsibility is accepted for any misrepresentation, errors or omissions. All such information and opinions are subject to change without notice. A number of comments in this document are based on current expectations and are considered "forward-looking statements". Actual future results may prove to be different from expectations and any unforeseen risk or event may arise in the future. The opinions expressed are a reflection of UBS Asset Management's judgment at the time this document is compiled and any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise is disclaimed. You are advised to exercise caution in relation to this document. The information in this document does not constitute advice and does not take into consideration your investment objectives, legal, financial or tax situation or particular needs in any other respect. Investors should be aware that past performance of investment is not necessarily indicative of future performance. Potential for profit is accompanied by possibility of loss. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Australia

This document is provided by UBS Asset Management (Australia) Ltd, ABN 31 003 146 290 and AFS License No. 222605.

China

The securities may not be offered or sold directly or indirectly in the People's Republic of China (the "PRC"). Neither this document or information contained or incorporated by reference herein relating to the securities, which have not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission ("CSRC") or other relevant governmental authorities in the PRC pursuant to relevant laws and regulations, may be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Securities in the PRC. The securities may only be offered or sold to the PRC investors that are authorized to engage in the purchase of Securities of the type being offered or sold. PRC investors are responsible for obtaining all relevant government regulatory approvals/licenses, verification and/or registrations themselves, including, but not limited to, any which may be required from the CSRC, the State Administration of Foreign Exchange and/or the China Banking Regulatory Commission, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or foreign investment regulations.

Hong Kong

This document and its contents have not been reviewed by any regulatory authority in Hong Kong. No person may issue any invitation, advertisement or other document relating to the Interests whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Interests which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) and the Securities and Futures (Professional Investor) Rules made thereunder.

Japan

This document is for informational purposes only and is not intended as an offer or a solicitation to buy or sell any specific financial products, or to provide any investment advisory/management services.

Korea

The securities may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the Capital Market and Financial Investment Business Act and the Foreign Exchange Transaction Law of Korea, the presidential decrees and regulations thereunder and any other applicable laws, regulations or rules of Korea. UBS Asset Management has not been registered with the Financial Services Commission of Korea for a public offering in Korea nor has it been registered with the Financial Services Commission for distribution to non-qualified investors in Korea.

Malaysia

This document is sent to you, at your request, merely for information purposes only. No invitation or offer to subscribe or purchase securities is made by UBS Asset Management as the prior approval of the Securities Commission of Malaysia or other regulatory authorities of Malaysia have not been obtained. No prospectus has or will be filed or registered with the Securities Commission of Malaysia.

Singapore

This document has not been registered with the Monetary Authority of Singapore pursuant to the exemption under Section 304 of the SFA. Accordingly, this document may not be circulated or distributed, nor may the Securities be offered or sold, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor pursuant to Section 304 of the SFA.

Taiwan

This document and its contents have not been reviewed by, delivered to or registered with any regulatory or other relevant authority in the Republic of China (R.O.C.). This document is for informational purposes and should not be construed as an offer or invitation to the public, direct or indirect, to buy or sell securities. This document is intended for limited distribution and only to the extent permitted under applicable laws in the Republic of China (R.O.C.). No representations are made with respect to the eligibility of any recipients of this document to acquire interests in securities under the laws of the Republic of China (R.O.C.).

Source for all data and charts (if not indicated otherwise): UBS Asset Management. © Copyright UBS 2021. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

UBS AG

Asset Management
P. O. Box
CH-8098 Zürich
ubs.com/am

