

# Dynamic, diverse, defensive

## UBS (HK) Fund Series – **Asia Income Bond (USD)**

### Important information

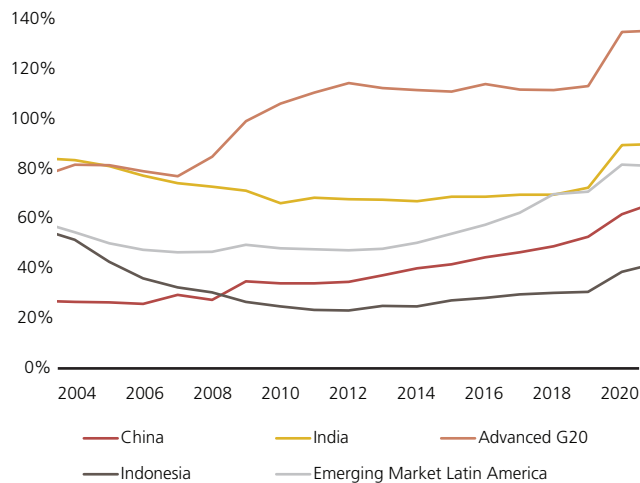
1. The Fund, **UBS (HK) Fund Series – Asia Income Bond (USD) (“UBS Asia Income Bond Fund”)**, invests primarily in debt securities issued or guaranteed by bodies in, registered in, or with significant operations in Asia (including emerging markets) including but not limited to government and non-government bonds (including bonds issued by local authorities, supra-nationals, agencies and corporate entities); fixed rate, variable rate (including floating rate), inflation-linked, convertible, secured, and unsecured, debt securities.
2. The Fund’s investments may be subject to risks associated with debt securities (such as credit/counterparty risk, interest rate risk, downgrading risk, valuation risk, credit rating risk, credit rating agency risk, volatility and liquidity risk, sovereign debt risk, and risk associated with debt securities rated below investment grade and/or unrated), investing in Mainland China (such as regulatory risk, tax risk, RMB currency and conversion risk, CIBM risk, Bond Connect risk, and RQFII risk), currency and exchange rate, currency hedging, concentration and emerging markets.
3. The Fund’s investments are concentrated in Asia (including China). The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments, and more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting Asia (including China).
4. The Fund may invest in debt instruments with loss-absorption features. Such instruments are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger event(s) which are likely to be outside of the issuer’s control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.
5. The Fund may use financial derivative instruments for investment and hedging purposes. The Fund’s net derivative exposure may be up to 50% of the Fund’s net asset value. The use of financial derivative instruments may involve additional risks such as counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk.
6. In respect of unit classes with “-mdist” in their name, dividends may be paid from capital or effectively out of capital (i.e. pay distributions out of gross income while charging/ paying all or part of the Fund’s fees and expenses to/out of the capital of the Fund, resulting in an increase in distributable income for the payment of distributions) of the Fund, at the discretion of the manager, which amount to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment. Any such dividends may result in an immediate decrease of the net asset value per unit.
7. The fixed rate distribution unit classes (i.e. unit classes with “5%-mdist” in their name) continue to distribute in periods that the Fund has negative return or is making losses, which further reduces the net asset value of the Fund.
8. This investment may involve risks that could result in loss of part or entire amount of investors’ investment.
9. Investors should not invest in the Fund solely based on this document and should read the relevant offering documents for further details including risk factors.
10. Investors are responsible for their investment decisions and should seek independent financial and professional advice if required.

# Asia, a bright spot for income investors

## 1. Strong fundamentals

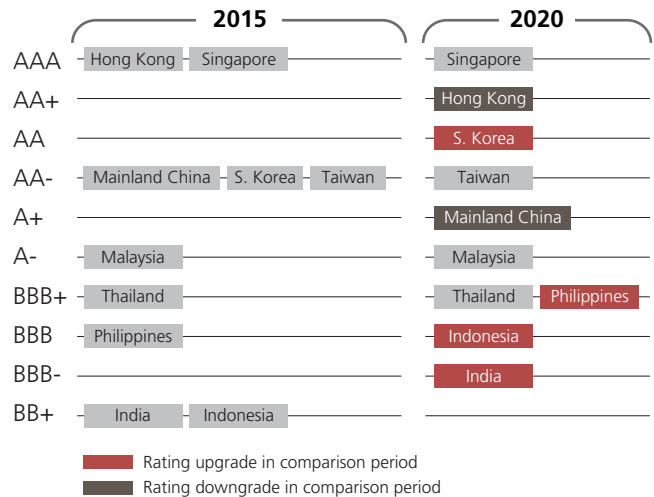
Asia is a fast-growing region in the world with relatively low Debt-to-GDP ratios compare to some G20 countries and with improved credit fundamentals. Asian sovereign credit ratings are now all investment grade.

### Debt-to-GDP ratio



Source: IMF. As of end December 2020.

### Credit rating change in 2015/2020

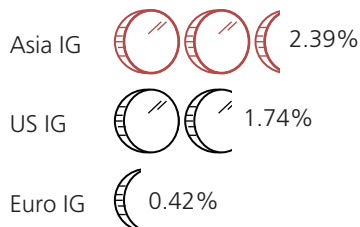


Source: S&P. As of end December 2020.

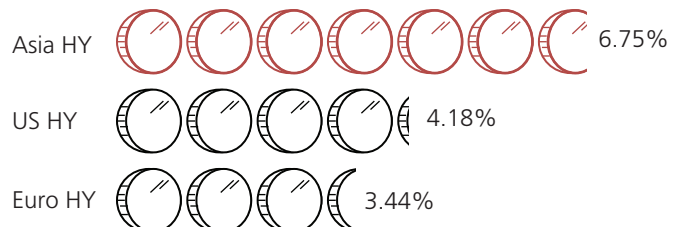
## 2. Attractive yield

Asia High Yield and Investment Grade fixed income categories offer attractive yields and duration compared to the US and EU.

### Investment Grade (IG)

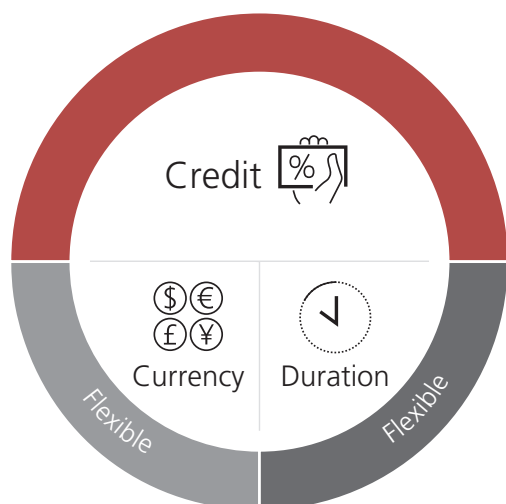


### High Yield (HY)



Source: Bloomberg. As of end December 2020.

## Why UBS Asia Income Bond?



Regular income<sup>3,4</sup> stream with defensive average IG credit rating



Dynamic allocation; flexibility in IG, HY, duration, and currency for diversification



Focus on attractive risk-adjusted returns and total return



Managed by experienced team with strong track record<sup>1</sup>

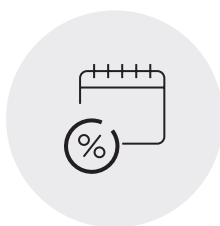
<sup>1</sup> UBS Asset Management Asia fixed income team's UBS (Lux) Bond Fund – Full Cycle Asian Bond (USD) P-acc won award recognition as follows: BENCHMARK Top Fund of the Year Awards 2020 (Hong Kong) – Outstanding Achiever in Asia Pacific Fixed Income; Morningstar Hong Kong Fund Awards 2017 – Best Asia Bond Fund. Source: BENCHMARK, 2020; Morningstar, 2017. Past performance is not indicative of future results.

# Fund overview



Indicative distribution yield<sup>2</sup>

4.5%



Duration (years)

4.58



Average rating of holdings

BBB

## Market allocation (%)

	Fund
China	25.32
Hong Kong	15.23
India	13.54
Singapore	7.29
South Korea	5.55
Thailand	4.68
Indonesia	3.75
Philippines	3.68
Malaysia	3.51
Macau	2.98
Taiwan	1.01
Japan	1.00
Pakistan	0.81
Cash & FX <sup>3</sup>	11.64

## Sector allocation (%)

	Fund
Financial	30.92
Real Estate	17.33
Quasi-Sovereign	12.28
TMT <sup>4</sup>	6.58
Consumer	5.41
Utilities	3.55
Oil & Gas	3.31
Sovereign	2.77
Metals & Mining	2.21
Industrial	2.01
Diversified	1.99
Infrastructure	0.00
Transport	0.00
Pulp & Paper	0.00
Cash & FX <sup>3</sup>	11.64

## Credit rating breakdown

Investment Grade 61.55%	AAA	0.00
	AA	3.11
	A	27.92
	BBB	30.52
High Yield 25.85%	BB	16.88
	B	7.33
	CCC	0.90
	CC	0.00
	C	0.75
	D	0.00
	Not rated	0.96
	Cash/Other	11.64

Top 10 Bond Issuers	Fund (%)
State Bank India / London	2.44
Swire Propert MTN Fin	2.41
Oversea-Chinese Banking	2.40
BOC Aviation Ltd	1.78
Bank Of East Asia Ltd	1.77
SMC Global Power Hldgs	1.71
Wheellock MTN BVI Ltd	1.70
Shriram Transport Fin	1.68
CNAC HK Finbridge Co Ltd	1.52
PCCW-HKT Capital No 5 Ltd	1.45

Source: UBS Asset Management, data as of 30 June 2022. The portfolio is actively managed, thus the allocations and positionings can be changed any time at UBS's/the portfolio manager's sole discretion. For information purposes only. Not investment advice or a recommendation to buy or sell any securities. Charts may not add up to 100% due to rounding.

<sup>2</sup> Yield is not guaranteed.

<sup>3</sup> FX: Foreign exchange

<sup>4</sup> TMT: Technology, Media, and Telecommunications

## Fund information

Fund name	UBS (HK) Fund Series – Asia Income Bond (USD)
Fund inception date	17 March 2021
Base currency	USD
Management fee	1.1% p.a.
Subscription fee	Up to 3%
Distribution frequency	A-acc: reinvestment; A-mdist <sup>3, 4</sup> : expected monthly

Available share classes	ISIN	Distribution Yield
Class A USD-acc	HK0000679883	Distribution reinvested
Class A USD-mdist <sup>3, 4</sup>	HK0000679891	4.4%
Class A HKD-mdist <sup>3, 4</sup>	HK0000679917	4.5%
Class A RMB hedged-mdist <sup>3, 4</sup>	HK0000679933	7.3%

Source: UBS Asset Management, June 2022.

- 3 The share classes with “-mdist” aim to pay dividends on a monthly basis. **Dividend is not guaranteed. Dividend may be paid out of capital.** Share classes with “-mdist” in their name may also make distributions out of capital and realized capital gains, at the discretion of the Management Company, or pay distributions out of gross income while charging/paying all or part of the fund’s fees and expenses to/out of the capital of the relevant fund, resulting in an increase in distributable income for the payment of distributions by the fund and therefore, the fund may effectively pay distributions out of capital. Any distributions involving payment of dividends out of the fund’s capital or payment of dividends effectively out of the fund’s capital (as the case may be) may result in an immediate reduction of the next asset value per share/unit.
- 4 A positive distribution yield does not imply a positive return. Distribution yield = (Dividend per unit on last record date x 12 /Previous month-end NAV) x 100. The distribution yields shown here are for reference only. These share classes continue to distribute in periods that the Fund has negative return/is making losses which further reduces the NAV of the Fund. In extreme circumstances, investors may not be able to get back the original investment amount. Constant distributing share classes must not be seen as alternative to savings account or fixed-interest paying investment.

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Investment involves risks, and past performance figures shown are not indicative of future performance. The value of the funds and income from them can go up as well as down and consequently you may not get back the amount originally invested. Investors please refer to the offering document for further details including the risk factors.

The investment returns of some of our range of funds are denominated in currency other than USD/HKD. US/HK Dollar-based investors are therefore exposed to fluctuations in the US/HK dollar/ foreign currency exchange rate.

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Source for all data and charts (if not indicated otherwise): UBS Asset Management.

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