

# Tapping the growth

UBS (Lux) Bond SICAV –  
**Asian High Yield (USD)**



## Important information

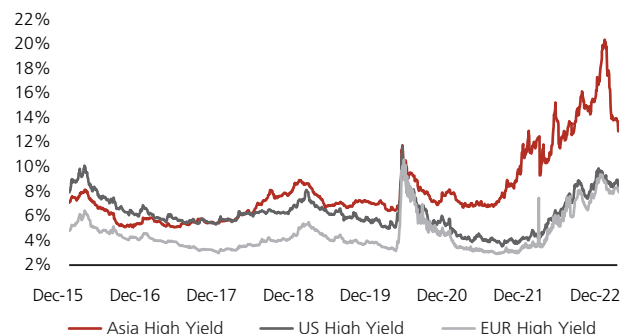
1. The Fund, **UBS (Lux) Bond SICAV – Asian High Yield (USD) (or “UBS Asian High Yield Bond Fund”)**, may mainly invest in debt securities issued by international and supranational organisations, public and semi-public bodies, and companies based in Asia or that are predominantly active in that region. At least two-thirds of the Fund’s investments in debt securities have a maximum rating of BBB by Standard & Poor’s, a comparable rating from another internationally recognised rating agency or are unrated.
2. The Fund’s investments in debt securities may be subject to credit/counterparty risk, interest rate risk, downgrading risk, valuation risk, credit rating risk, volatility and liquidity risk.
3. The Fund’s investments are concentrated in Asia. 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.
4. The Fund may invest in debt securities rated below investment grade or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.
5. Debt instruments with loss-absorption features 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.
6. The Fund may use financial derivative instruments for investment management and hedging purposes. The Fund’s net derivative exposure may be up to 50% of the Fund’s net asset value. It may involve additional risks, e.g. counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. Under extreme market conditions and circumstances, investment in the Fund may potentially result in total loss of investment.
7. Specifically for the share classes with “-mdist” in their name, the Fund may at the discretion of the Management Company make distributions out of capital or out of gross income while charging/paying all or part of the Fund’s fees and expenses to/out of capital of the Fund, resulting in an increase in the payment of dividends by the Fund. Payment of dividends out of/effectively out of capital may result in an immediate reduction of the net asset value per share.
8. Any distributions from the income and/or involving the capital result in an immediate reduction of the net asset value per share of the Fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment.
9. Investors should not invest in the Fund solely based on this document and should read the relevant offering document for further details including risk factors. Investors are responsible for their investment decisions and should seek independent financial and professional advice if required.

# Asian High Yield – why now?

## 1. Attractive return potential

The yields in credit markets offer attractive carry returns. The current spread and yield levels offer an attractive entry point into the Asian high yield market.

### Asian USD Credit Market: Yields

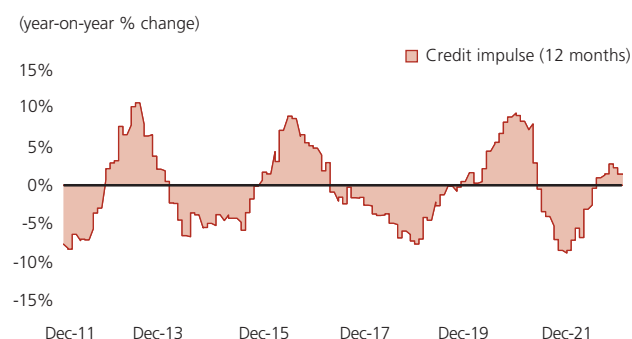


Source: Bloomberg. As of end December 2022. Yield Rate is not guaranteed.

## 2. Supportive macro-trends in Asia

China's credit impulse growth has been picking up. The Asia markets are supported by significant policy measures and more flexibility in monetary and fiscal policy.

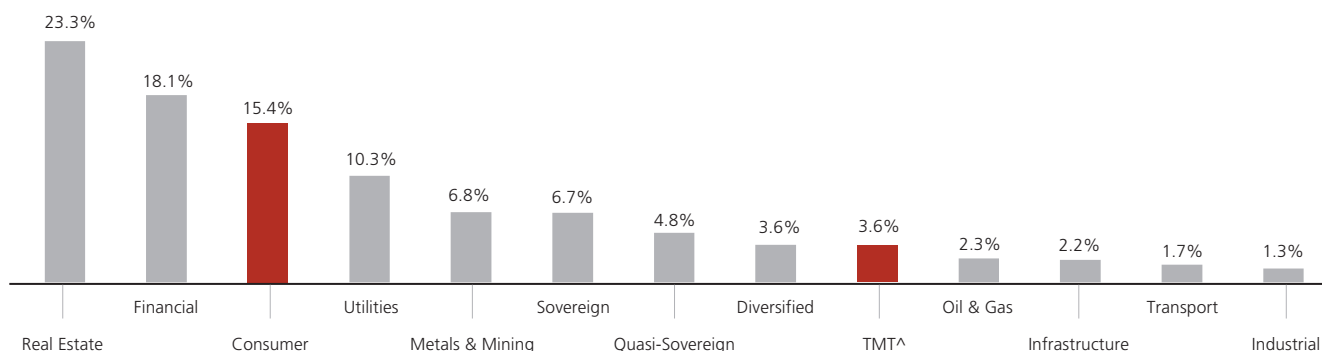
### Bloomberg China Credit Impulse



Source: Bloomberg. As of end December 2022.

## 3. Low exposure to commodities

The Asian high yield universe has low exposure to commodity markets. The sector is under pressure from oil price volatility and movement lockdowns. Therefore, default rates in the Asian High Yield space are expected to remain low compared to broader emerging markets and US High Yield. China high yield bonds have shorter duration, so typically they are less sensitive to interest rate changes.



Source: J.P. Morgan. For illustration purposes only. Data available as of end December 2022.

<sup>^</sup> TMT stands for Technology, Media and Telecommunications.

# Why invest in UBS Asian High Yield Bond Fund?

## Risk-adjusted performance

Accumulative performance since fund inception (rebased to 100, net of fees, %)



Performance (USD, %, net of fees)	Cumulative returns
YTD <sup>1</sup>	-25.51
1 year	-25.51
3 years	-36.52
5 years	-29.94
Since inception	-0.07

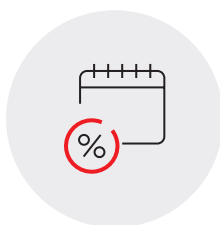
Source: UBS Asset Management, Morningstar, data as of 31 December 2022. These figures refer to the past. **Past performance is not indicative of future results.** Performance refers to UBS (Lux) Bond SICAV – Asian High Yield (USD) P-acc share class inception date: 17 February 2012. Share class performance is calculated on a NAV price basis, with distribution reinvested. The performance shown is net of fees, but does not take account of any commissions and costs charged when subscribing to and redeeming units. Annual performance of UBS (Lux) Bond SICAV – Asian High Yield (USD) P-acc in the last five years: 2017 (5.73%), 2018 (-3.26%), 2019 (14.09%), 2020 (4.25%), 2021 (-18.25%).  
 1 YTD: Year-to-date

# Fund overview



## Yield to maturity (gross)

13.45%



## Duration (years)

2.26



## Average rating of holdings

BB

Source: UBS Asset Management, data as of 31 December 2022. Investors should note that yield to maturity (YTM) of the portfolio is shown for reference only and does not represent the actual performance of the Fund or the dividend yield received by investors. Yield Rate is not guaranteed.

## Market allocation (%)<sup>2</sup>

	Fund
China	32.7
India	16.1
Hong Kong	9.2
Macau	7.8
Philippines	4.8
Indonesia	4.0
Thailand	4.0
Pakistan	2.2
Sri Lanka	1.9
Singapore	1.9
South Korea	1.6
Mongolia	1.4
Vietnam	1.3
Mauritius	1.0
Others <sup>3</sup>	0.8
Cash & FX	9.3

## Sector allocation (%)<sup>2</sup>

	Fund
Real Estate	26.1
Financial	15.4
Consumer	11.3
Utilities	9.7
Sovereign	6.3
Technology, Media, and Telecom	4.5
Metals & Mining	3.6
Diversified	3.3
Quasi-Sovereign	3.3
Infrastructure	3.2
Oil & Gas	2.9
Industrial	1.1
Cash & FX	9.3

## Credit rating breakdown (%)<sup>2</sup>

AA	1.6
A	3.7
BBB	6.1
BB	45.8
B	19.0
CCC	6.1
CC	0.3
C	2.2
D	2.6
Not rated	3.3
Cash & FX	9.3

## Top 10 Bond Issuers

	Fund (%)
Ind & Comm Bk Of China	3.11
Greenko Dutch BV	2.70
10 ReNew Power Subsidiar	1.54
MGM China Holdings Ltd	1.52
Islamic Rep Of Pakistan	1.40
Country Garden Hldgs	1.39
Wynn Macau Ltd	1.37
Melco Resorts Finance Regs	1.36
SMC Global Power Hldgs	1.29
Bangkok Bank Pcl	1.13

Source: UBS Asset Management, data as of 31 December 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> Excluding derivatives.

<sup>3</sup> Others: Netherlands, Malaysia, Cambodia, Maldives, United States.

## Fund information

Fund name	UBS (Lux) Bond SICAV – Asian High Yield (USD)
Fund inception date	17 February 2012
Base currency	USD
Total fund assets	USD 1.073 billion (as of 31 December 2021)
Management fee (p.a.)	1.12%; hedged share classes: 1.16%
Subscription fee (p.a.)	P-acc: up to 3% of subscription amount P-mdist: up to 5% of subscription amount
Distribution frequency	P-acc: none; P-mdist <sup>4,5</sup> : expected monthly

Available share classes	ISIN	Launch date	Distribution yield
(USD) P-acc	LU0626906662	17.02.2012	Distribution reinvested
(USD) P-mdist <sup>4,5</sup>	LU0626906746	17.02.2012	7.0%
(HKD) P-mdist <sup>4,5</sup>	LU2184895089	14.08.2020	7.0%
(AUD hedged) P-mdist <sup>4,5</sup>	LU2199720918	04.08.2020	6.4%

Source: UBS Asset Management, December 2022. Above numbers may be subject to rounding.

- 4 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.
- 5 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.

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

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