

# UBS Convert Global

## Manager Commentary

UBS Bond Funds > UBS Convertible Funds

### Name of fund

UBS (Lux) Bond SICAV - Convert Global (EUR)

### ISIN

LU0629154393

### Share class

UBS (Lux) Bond SICAV - Convert Global (EUR) (USD hedged) P-acc

### Reference Index

Thomson Reuters Global Convertible Index - Global Vanilla Hedged USD

Past performance is not a reliable indicator of future results.

### Performance in % (net of fees)<sup>1</sup>

in %	2015	2016	2017	2018	2019	May	5 years	Ø p.a. 5
					YTD <sup>2</sup>	2019		years
Fund (USD)	1.97	6.68	10.76	-4.64	7.40	-2.41	21.15	3.91
Ref. Index <sup>3</sup>	2.15	5.57	9.62	-1.58	7.23	-2.47	25.71	4.68

The performance shown does not take account of any commissions, entry or exit charges.

<sup>1</sup> These figures refer to the past. Source for all data and charts (if not indicated otherwise): UBS Asset Management

<sup>2</sup> YTD: year-to-date (since beginning of the year)

<sup>3</sup> Reference Index in currency of share class (without costs)

### Risks

The fund invests mainly in convertible bonds. Changes in equity prices, interest rates, credit quality and other factors can subject the fund to high fluctuations in value, which are for the most part less pronounced than with equities but significantly higher than with traditional corporate bonds. The fund may use derivatives which can reduce investment risk or give rise to additional risks (inter alia the counterparty risk). The fund can invest in less liquid assets that may be difficult to sell in the case of distressed markets. The value of a unit may fall below the purchase price. This requires an elevated risk tolerance and capacity. Every fund reveals specific risks, a description of these risks can be found in the prospectus.

### Portfolio manager summary & review (May 2019)

Performance was negative in May.

After the market rally at the beginning of the year, global equity markets corrected in May in an environment of profit-taking and increasing uncertainties following the escalation of tariff tensions between the US and China.

Global equity markets as measured by the MSCI World (TR) in USD decreased by 5.7% in May. Credit spreads widened for investment grade credit qualities and for sub-investment grade qualities. During the month, convertible bond valuations decreased in value across all regions except in Japan, where they increased. The convertible bond asset class ended the month in negative territory.

A total of USD 7.1bn in convertible bonds was issued in May, which is below the issue size of a year ago (USD 12.1bn). The largest CB deals were the Tesla 2% 2024 (USD 1.35bn), followed by the mandatory bond Avantor 'A' \$3.125 2022 (USD 1.035bn), both issued in the US.

Smaller, less liquid names and convertible bonds in the sub-investment grade area still offer more value than other parts of the market.

Our selection within the oil & gas sector contributed positively to relative performance, while our positioning in the electronics sector detracted.

This month's best performing bond in the portfolio was the Insulet 1.25% 2021. Insulet is a US-based medical device company that offers an insulin management system for patients suffering from diabetes. We hold the Insulet 1.25% 2021 convertible bond based on a positive view on the underlying equity. The position showed a positive performance in May, driven by a stronger underlying share price, as the company reported quarterly earnings that beat prior expectations.

Our global convertible bond fund fully reopened for subscriptions at the end of February. All other UBS convertible bond funds remain hard-closed for further subscriptions due to capacity considerations.

### Portfolio manager outlook (May 2019)

Convertible bonds are an attractive investment as they can take advantage of an upswing while enjoying the defensive quality of bonds on the downside. The fund's bottom-up strategy aims to select the most attractive convertible bonds within the universe.

We continue to prefer smaller, lesser known issuers, some non-rated bonds and more complex structures. These issues continue to provide more upside potential as they offer much more compelling valuations than the more liquid blue chip investment grade names.

### For more information

UBS Fund Infoline: 0800 899 899

Internet: [www.ubs.com/funds](http://www.ubs.com/funds)

Contact your client advisor

### Portfolio management representatives

Ulrich Sperl

Alain Eckmann

# UBS Convert Global

Please note that additional fees (e.g. entry or exit fees) may be charged. Please refer to your financial adviser for more details. Investors should read the Key Investor Information Document (KIID), Prospectus and any applicable local offering document prior to investing. For a definition of financial terms refer to the glossary available at [www.ubs.com/glossary](http://www.ubs.com/glossary).

**For marketing and information purposes by UBS.** UBS funds under Luxembourg law. Representative in Switzerland for UBS funds established under foreign law: UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel. Paying agent: UBS Switzerland AG, Bahnhofstrasse 45, CH-8001 Zurich. Prospectuses, simplified prospectuses or Key investor information, the articles of association or the management regulations as well as annual and semi-annual reports of UBS funds are available free of charge from UBS AG, P.O. Box, CH-4002 Basel or from UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel. The fund documentation is available free of charge in English and, where relevant, in one of the local language(s) where the fund is registered. 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. Source for all data and charts (if not indicated otherwise): UBS Asset Management 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.  
© UBS 2019. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.