

Good dividends – a sign of strength

UBS Equity Fund – **Global High Dividend**

Equities of companies that fulfill stringent quality criteria remain attractive. Besides high profitability, the companies must be able to consistently pay out high dividends. Relative to the broad equity market, portfolios containing the securities of such companies also tend to fluctuate less markedly.

Dividends – an important component of shareholder return

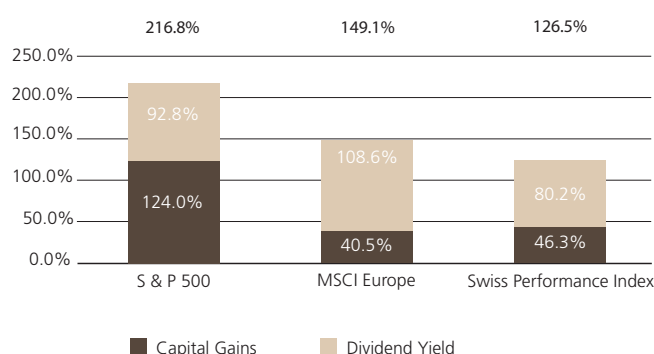
Investors wishing to generate regular returns and, in the process, to take on only moderate risks are not currently provided with many attractive opportunities in the bond field. Over many years, yields on bonds have fallen steadily and the gap between global equity dividend and bond yields remains large. For investors with a corresponding risk preference, high and stable dividend returns can therefore represent an alternative. The significance of dividends for the overall return of equities is demonstrated by historic data. Chart 1 shows the returns of major equity indexes in the U.S., Europe and Switzerland since 1998. In European markets, in particular, the share of the overall return accounted for by dividends is very high.

Stringent selection criteria

UBS (Lux) Equity SICAV - Global High Dividend invests in companies that generate high dividend returns. However, the level of the dividend is only one of several criteria.

Chart 1: Dividends – an important component of shareholder return

Performance from December 31, 1997, to July 29, 2016 each in local currency

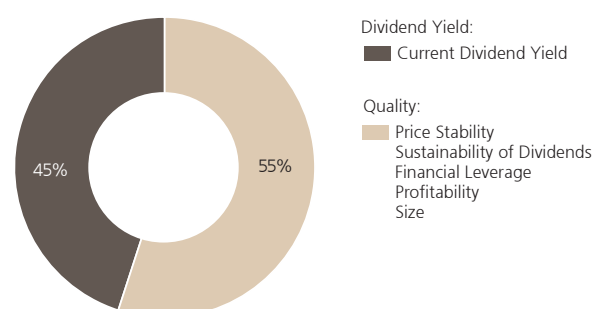


Source: Datastream



In order to ensure that a high dividend can also be distributed over the long term, a company must meet stringent quality criteria. These include a high level of profitability or low level of debt. Overall, these quality criteria are given a greater weighting than the amount of the dividend yield (see chart 2).

Chart 2: Greater weighting of quality criteria v. dividend criteria

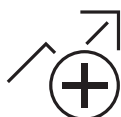


Source: UBS Asset Management

Note: For illustrative purposes. List of stock selection criteria is not conclusive and subject to change.

There are four key features that make up the fund's character:

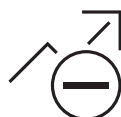
- Attractive returns from equities with **high dividend yields**
- Focus on equities of **quality companies** that provide assurance of good dividends over the long term
- Portfolio with **defensive characteristics**
- **Broad diversification** with around 100 securities from various sectors, regions and countries



Opportunities

- Simple access to global equities with attractive dividend yields
- Very well-diversified portfolio: low weighting of individual securities and broad country and sector distribution
- Portfolio with defensive approach and thus lower value fluctuations relative to broad equity markets

Portfolio management is performed by an experienced team of four investment specialists who systematically implement a quantitative investment approach from the research stage right through to portfolio construction.



Risks

- Risk characteristics of an equity investment, such as major market fluctuations
- Due to the active management approach, performance may differ from that of the benchmark index
- During phases of sharply rising equity markets, the fund may lag behind the general market performance due to its defensive approach

Characteristics and fees

Fund name	UBS (Lux) Equity SICAV – Global High Dividend (USD)	
Fund domicile	Luxembourg	
Portfolio management	UBS Asset Management	
Fund management	UBS Fund Management (Luxembourg) S.A.	
Custodian bank	UBS Europe SE, Luxembourg Branch	
Financial year	1 June – 31 May	
Issue/redemption	daily	
Distribution	Reinvestment	
Fund currency	USD	
Reference index	MSCI All Country World (net div. reinv.) (hedged USD)	
Share class	P-acc	Q-acc
Valor / ISIN	12721420 / LU0611173427	19817867 / LU0847993192
Launch date	15.11.2011	31.07.2015
Management fee p.a.	1.20%	0.67%
TER p.a. (as of 30.09.2016)	2.24%	0.91%

More explanations of financial terms can be found at ubs.com/glossary
For further information, please contact your client advisor.

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