

Dynamic Alpha Strategy

Investment profile | UBS Asset Management—Americas Institutional

Objective

Dynamic Alpha Strategy is a flexible, outcome-oriented strategy that seeks to generate risk-managed growth through the exploitation of misvaluations across markets and currencies. The strategy looks to achieve a total rate of return of 3.5 to 5.5 percent per year (gross of fees) above cash over a full market cycle (usually three to five years). A secondary objective is that the strategy should exhibit lower volatility and smaller drawdowns than traditional multi-asset strategies through the use of derivatives to create an asymmetric outcome, and because it is unconstrained by a benchmark. In some ways, the expected risk-return profile can resemble that of an

alternative investment without the drawbacks of illiquidity, lack of transparency and heavy cost structures.

Investment philosophy and process

The Asset Allocation & Currency team takes a process-driven approach to managing portfolios. We follow a cyclical process that is disciplined, repeatable and continuous, with clear accountability at every step. In addition, there is clear alignment between the investment professionals' remuneration and investment performance. The investment process starts by identifying strong signals found using our rigorous valuation tools. These positions are then vetted and augmented according to a number of

Key points

Alpha-seeking

- Seeks total returns of cash 3.5 to 5.5 percent gross of fees per annum, over a full market cycle
- Exploits investment opportunities independently of a benchmark

Risk-conscious

- Lower expected volatility than traditional long-only balanced portfolios
- Downside management through use of option strategies to build an asymmetric return profile

Flexible

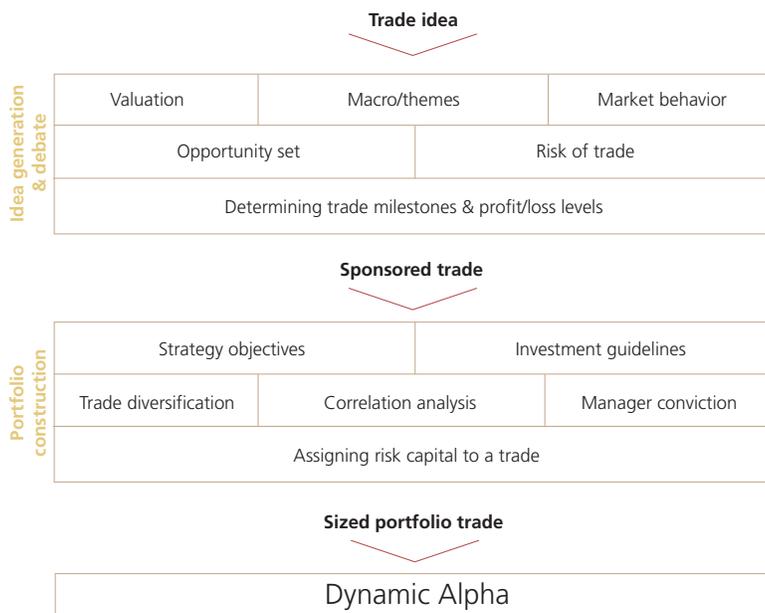
- The flexibility to quickly adjust market risk, currency exposures and security selection
- Can benefit from negative market periods by taking short positions

Liquid

- Stay in control of your investments in times of market stress or when liquidity is needed
- Comes with greater transparency than a traditional hedge fund

Dynamic Alpha Strategy Investment process

The framework for successful global macro investing



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macroeconomic thematic views through the use of proprietary research and quantitative models. These models help determine the current economic state, flows, sentiment, and momentum to help understand non-valuation drivers on asset classes. These enhancements seek to improve the timing and magnitude of our strategy implementation.

Team leadership

The strategy is managed by Jonathan Davies, Head of Currency. However, of particular note is that our investment process uses a team-based approach with strict accountability. We believe this structure allows us to discuss and explore

all ramifications of our investment decisions. Furthermore, we believe this team-based approach is in our clients' best interest because it takes full advantage of both our global research platform and the collective experience of the entire investment team.

Jonathan Davies, CFA

- Managing Director, Head of Currency
- 25 years of investing experience

Vehicle availability¹

- Commingled fund
- Segregated account

¹ Certain vehicles may not be available to all investors. Please contact your local representative for more information.

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