

High conviction emerging market equity solution

UBS Emerging Markets Equity **High Alpha Long-term Opportunity** (HALO) Strategy

Our Emerging Markets Equity HALO strategy contains our investment team's best ideas in a high conviction, active and diversified portfolio.

Investment opportunities in emerging markets

With this strategy, investors get exposure to long-term secular trends driving both the region and the world, including urbanization, growth of the middle class and demand for financial services.

Allocating to emerging markets (EM) means strong positioning for the longer term: growth in EM is forecast to drive the world economy in the next five years, delivering additional global growth during the period.

With attractive valuations and solid fundamentals, we believe that now is a good time to invest in EM equities for the long-term.

Why EM HALO?

- With the EM HALO strategy, investors get access to our best ideas in the emerging markets equity space.
- The strategy has a concentrated portfolio of around 25-35 stocks with high active share targets.
- Diversification across sectors and countries is inherent in our disciplined, bottom-up investment process that captures the best ideas of each analyst of the investment team.
- Our EM team draws on a dedicated China equities team, which has an outstanding track record of identifying growth sectors and potential leaders in the 'new economy' space.

Strategy

Emerging Markets Equity HALO is an actively managed equity strategy, investing across emerging markets. The strategy has great flexibility to take focused views by exploiting significant price/value discrepancies.



Philosophy

We believe that a high-conviction portfolio, which exploits the inefficiencies the team believes it has uncovered through a long-term price to intrinsic value methodology, provides the opportunity to maximize alpha.

Our estimate of intrinsic value is determined by the fundamentals that drive a company's future cash flow. Discrepancies between price and intrinsic value, combined with market behavior, provide opportunities to add value.

Our focus is on valuations and quality (industry structure, profitability and corporate governance) and we strive to invest for the long-term benefit of our clients.

Process

Our process begins with "boots on the ground" proprietary fundamental research conducted by the analysts.

Our objective is to develop unique insights that enable us to have a clearly differentiated investment thesis against the consensus in the market. Not only do we talk to the companies we invest in directly, we also engage with suppliers, competitors and other industry experts.

This deeper research focused on long term valuations and quality of companies as well as a longer investment horizon uncover more opportunities to add value for our clients.

It is the role of the portfolio manager to take the best ideas of the analysts and construct a portfolio that best meets the client objectives.

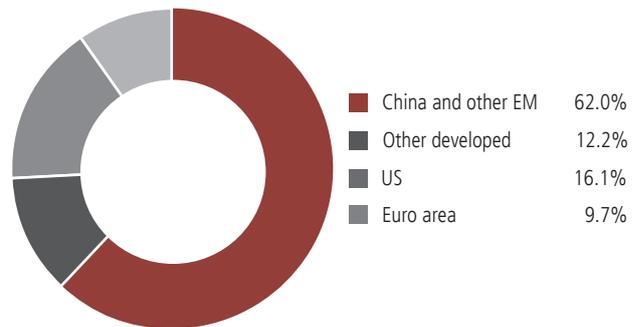
Portfolio decisions are made on a team basis by the Emerging Markets Strategy Committee. Risk management is an integral part of the process.

Why UBS-AM?

We have a stable and experienced team of 25 specialists spread across the world most of whom come from EM/Asia. Our dedicated team has a strong track record of managing EM, Asia and China equities going back over 20 years.

Geoffrey Wong, Head of Emerging Markets and Asia-Pacific Equities, has overall responsibility for all Emerging Markets, Asian, Japanese and Australian equity teams and research.

EM: Driving the world economy in next 5 years



Source: IMF, Haver, UBS. Projections to 2023. Updated as of June 2018



Opportunities

- Access to quality companies in the emerging markets
- Investors can tap into the knowledge of proven investment specialists who have years of experience of investing in emerging markets.



Risks

- Equities may therefore be subject to high fluctuations in value
- An investment horizon of at least five years and corresponding risk tolerance and capacity are required
- We pursue an active management style, performance can deviate substantially from that of its reference index
- All investments are subject to market fluctuations
- Risks can significantly increase under unusual market conditions

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