Flexible asset allocation

Funds for every market environment

The more flexible an investment strategy is, the greater the potential it offers in different market situations. The funds “UBS Systematic Allocation Portfolio” invest in accordance with a quantitative model from UBS Global Wealth Management Chief Investment Office (GWM CIO), which drives the equity allocation and the associated portfolio shifts.
1. Producing signals

Model of UBS GWM CIO evaluates data to produce signals

60% Momentum of economic cycle

- Monthly Global earnings trends: Current earnings situation
- Weekly Economic indicators: Indicators for future earnings
- Weekly Indicators for business risks: Investor expectations

Assessment of earnings performance and other economic factors relevant to the equity markets

Overall signal for equity market investments

- Maximum equity exposure for very positive signal
- Small equity exposure for positive signal
- Underweight in equities for negative signal

40% Momentum of equity markets

- Daily Short-/medium-term trend: Current trend
- Daily Long-term trend: Bull/bear market
- Daily Indicators for market risks: Short-term volatility

Assessment of momentum for different equity markets
2. Implement signals

Impact on portfolio’s equity allocation

The allocations are implemented in three funds with alternative investments (Defensive, Medium and Dynamic) and in two funds without alternative investments (Defensive Classic and Medium Classic).

Portfolios with and without alternative investments

Example:
UBS Systematic Allocation Portfolio
Defensive – positive signal

For illustration only. Sources: UBS Asset Management
3. Optimizing portfolio

Solutions for different investor profiles - with or without alternative investments

The funds UBS Systematic Allocation Portfolio are available in five different versions. They are characterized as follows:
- Varying engagement in equity markets, depending on market situation and risk profile
- Suitable for investors who are interested in rule-based active management

- State-of-the-art portfolio construction following the latest capital market assumptions
- Broadly diversified portfolios – with or without alternative investments

Opportunities
- The funds UBS Systematic Allocation Portfolio invest flexibly across all asset classes
- Participation in equity markets with flexible equity allocation with the aim to reduce losses during strong downturns
- Avoiding emotional biases is particularly important for a strategy with such wide allocation ranges

Risks
- Model is expected to be less effective during periods without notable upswings or downturns
- Substantial fluctuations in value, depending on equity allocation
- Higher performance risks compared to classic multi-asset funds because of very flexible equity allocation
### Characteristics and fees

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<tr>
<td>Fund currency</td>
<td>USD; currency-hedged share classes: CHF hedged, EUR hedged, GBP hedged, SEK hedged, SGD hedged, AUD hedged, CAD hedged, HKD</td>
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<td>Distribution and accumulating share classes</td>
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<td>EU saving tax</td>
<td>Distribution not affected, sale / redemption not affected</td>
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#### Share class

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<th>Medium</th>
<th>Dynamic</th>
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<td>Mgt. fee p.a.</td>
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<td>1.20%, 1.20%, 1.20%, 1.20%, 1.20%, 1.20%, 1.20%, 1.20%, 1.20%, 0.60%, 0.60%, 0.60%</td>
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<td>TER p.a.</td>
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<td>1.82%, 1.82%, 1.82%, 1.82%, 1.82%, 1.82%, 1.82%, 1.81%, 1.07%, 1.07%, 1.07%</td>
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#### For further information

FOR FURTHER INFORMATION, PLEASE CONTACT YOUR CLIENT ADVISOR. FOR A DEFINITION OF FINANCIAL TERMS REFER TO THE GLOSSARY AVAILABLE AT UBS.COM/GLOSSARY. INVESTORS SHOULD NOT ONLY BASE ON THIS MARKETING MATERIAL ALONE TO MAKE INVESTMENT DECISION.

### Glossary

**Asset Allocation**
Composition of a portfolio by currency and asset class.

**Asset Class**
Any collection of assets that reacts in a unique way to the fundamental drivers of the economy. Most important asset classes are equity, fixed income, money market investment, and real estate.

**Diversification**
A strategy of spreading an investment over different assets to reduce portfolio risk.

**Drawdown**
The peak-to-trough decline during a specific record period of an investment or fund. It is usually quoted as the percentage between the peak and the trough.

**Estimates**
Using statistical methods, UBS estimates long-term average risk/return figures for all major asset classes and their behavior in given model portfolios. Investors should note that these figures are derived from estimated long-term asset class performances and do not account for the content of individual portfolios nor of the performance of individual securities or active management. Active management may
result in higher or lower future performance. Unless stated, transaction costs and portfolio fees are not included and these will reduce future performance accordingly. They indicate the statistically most likely performance from a range of possible outcomes and investors should not base their investment decision solely on the estimates above.

**Estimated annual performance and annual risk are not reliable indicators of future performance and future risk.**

Estimates are based on our current assessment of financial markets and are therefore subject to change. Short-term performance can deviate substantially from these estimates.

**Exchanged Traded Funds (ETFs)**
A security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange.

**Hedge Funds**
Private collective investment vehicles which are active in the global capital markets, seeks to achieve absolute returns and capital appreciation. Hedge Funds use a variety of investment techniques, are lightly regulated and often accept only a very limited number of investors so as to ensure that their investment strategy remains flexible.

**Momentum**
Momentum conveys the idea that the price of securities is more likely to keep moving in the same direction rather than change directions.

**Portfolio**
Selection of securities held by a bank in a safekeeping account for administration or investment management on behalf of a client, or held and managed by the investor himself.

**Risk**
Exposure to damage or financial loss, e.g. a fall in the price of a security, or insolvency on the part of a debtor. Financial market theory measures the risk of an investment or portfolio by the degree of expected return fluctuations.

**Simulated Performance**
Historic risk/return simulations are based on the theoretical performance of the standard benchmarks or indices underlying the portfolios over the specific time horizon. The historical performance shown does not reflect your actual performance but, rather, was calculated by the retroactive application of historic index results to the asset allocation(s) analyzed. Because the asset allocations were structured with the benefit of knowing how each asset class performed during the period shown, the hypothetical returns may be higher than the returns of a portfolio that would have been recommended during the time period shown. In addition, backtested performance does not reflect the impact that past economic and market factors might have had on investment decision-making. The results shown reflect realized and unrealized gains and losses and the reinvestment of income, but do not include the impact of transaction costs, taxes and inflation. If these were included, the results shown would be lower. Please note that the historic backtest analysis assumes that the asset allocation was rebalanced at the beginning of each month back to the initial asset allocation. This rebalancing frequency does not necessarily reflect how an actual portfolio would have been managed. There is no guarantee that these backtested results could, or would, have been achieved had this asset allocation been used during the years presented. The results shown reflect realized and unrealized gains and losses and the reinvestment of income, but do not include the impact of management fees, transaction costs, taxes and inflation. If these were included, the results shown would be lower.

**UBS CIO World Equity Market Indicator**
It is a sophisticated proprietary indicator processing and combining information from a wide variety of financial and economic statistics.

**Volatility**
Measure of the fluctuations in the rate of return of a security within a specific period. Usually stated as an annualized standard deviation.