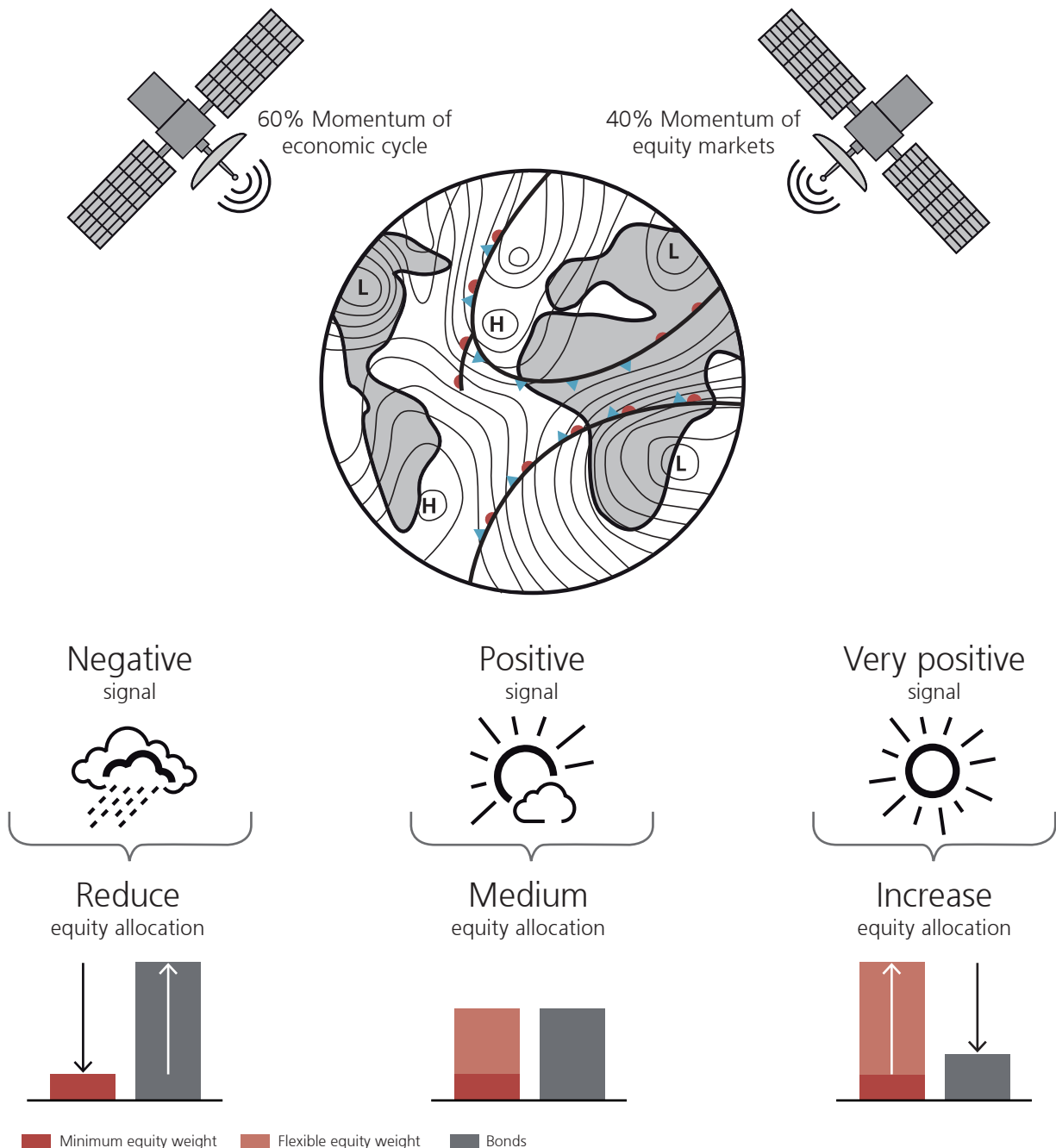


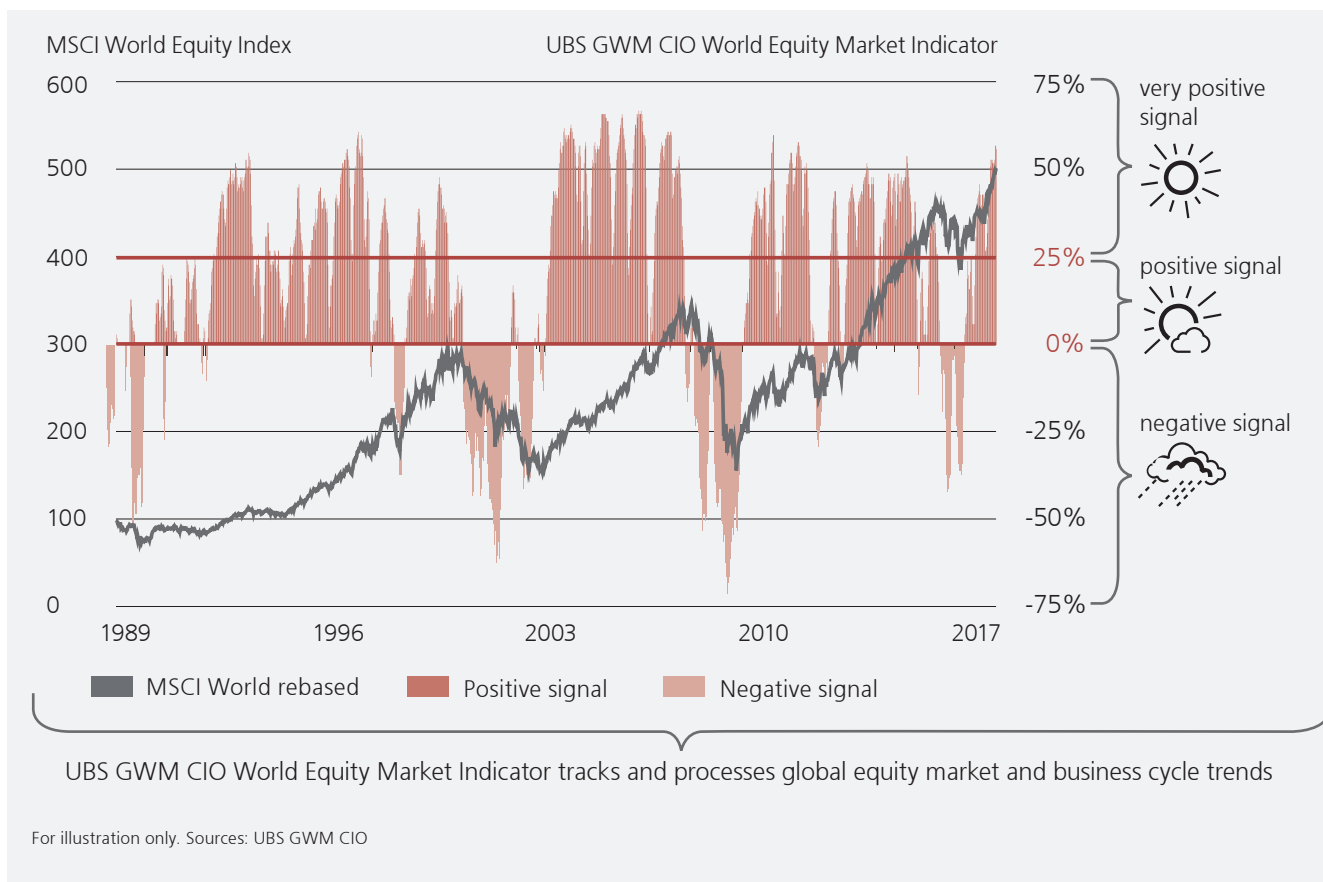
Flexible asset allocation

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

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

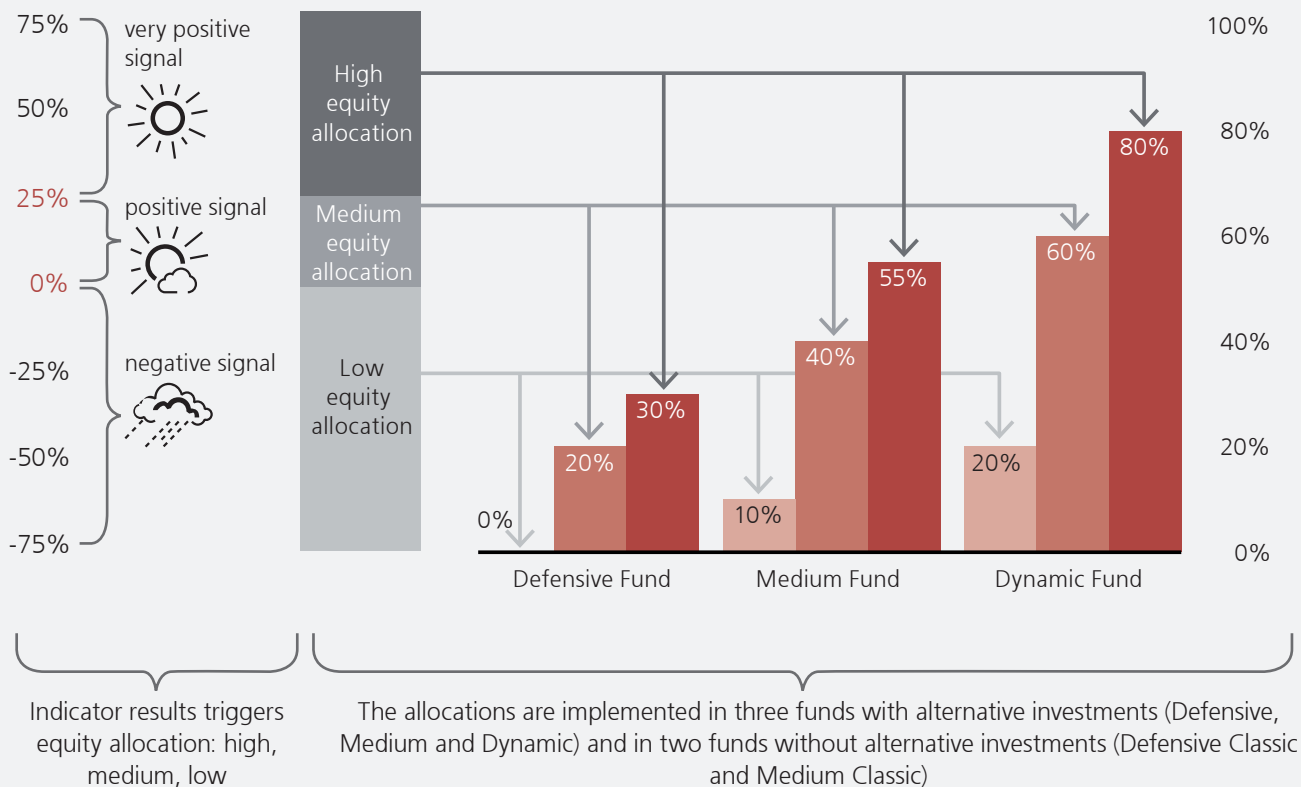
Assessment
of momentum
for different
equity markets



Underweight
in equities for
negative signal

2. Implement signals

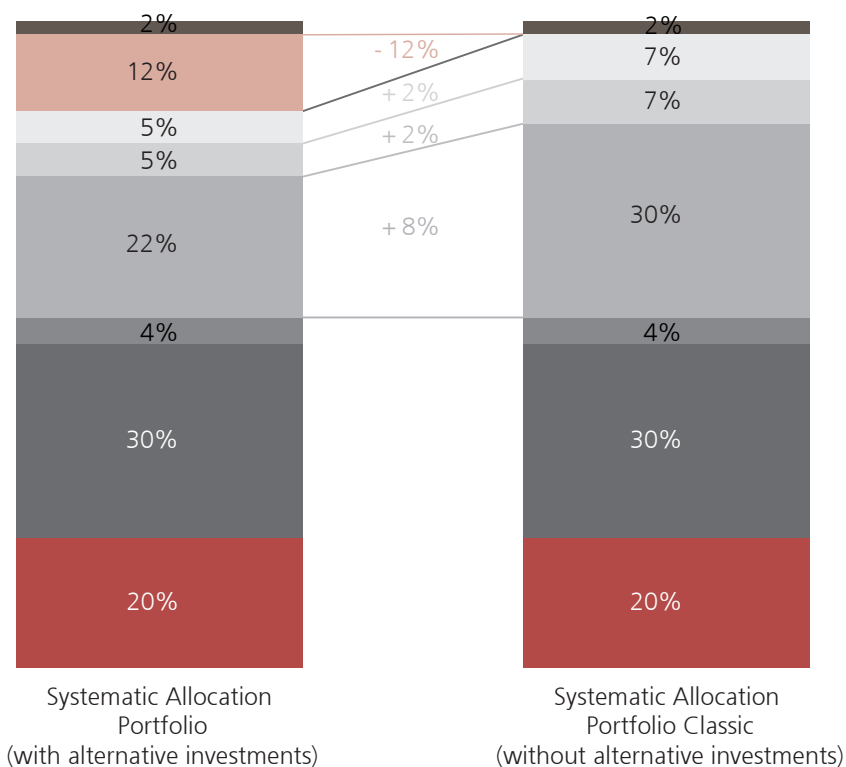
Impact on portfolio's equity allocation



Portfolios with and without alternative investments

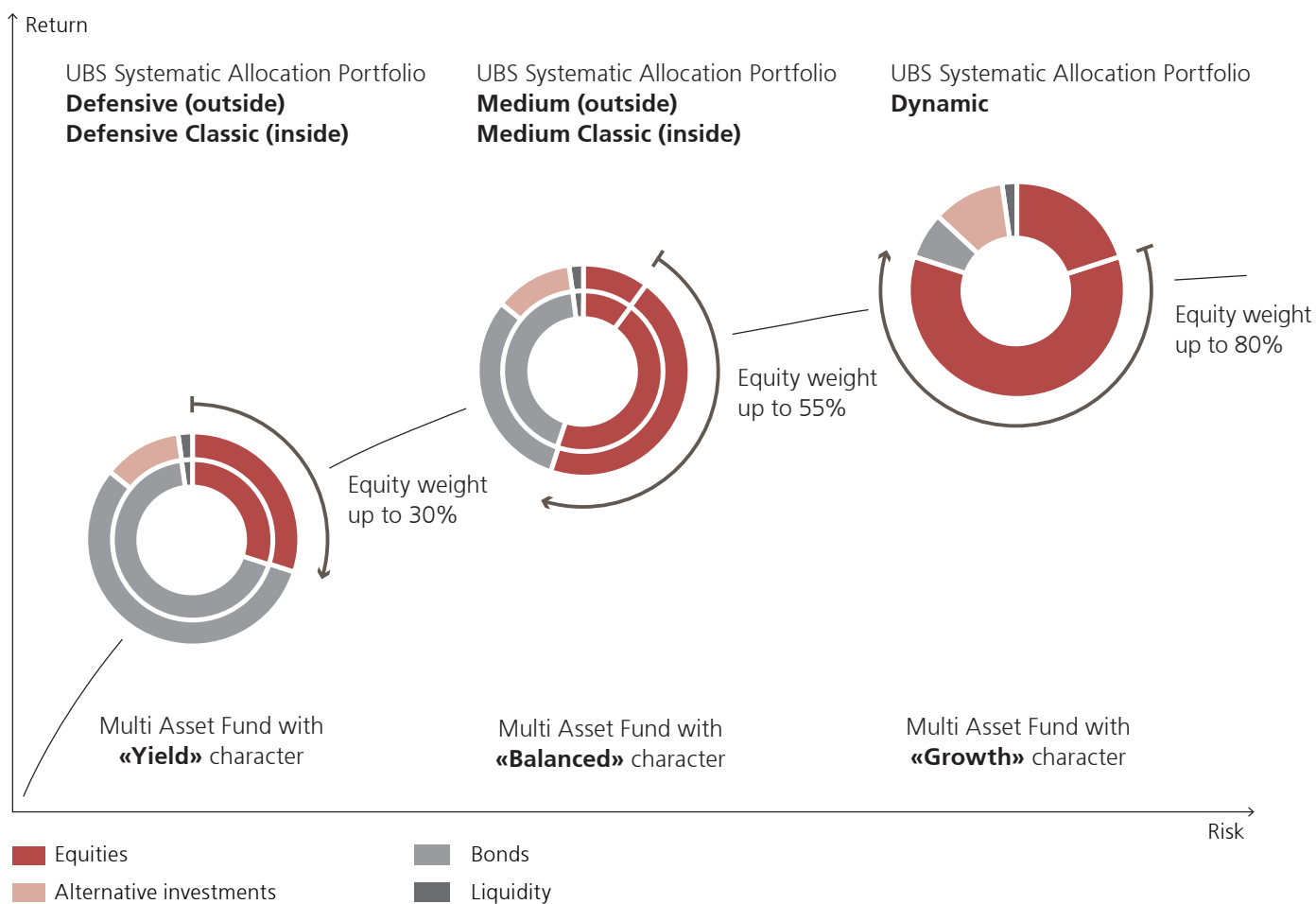
Example:
UBS Systematic Allocation Portfolio
Defensive – positive signal

- Liquidity
- Alternative investments
- EM Debt (Corporate und Sovereign)
- High yield bonds
- Corp. Bonds
- Inflation linked bonds
- High grade bonds
- Equities



3. Optimizing portfolio

Solutions for different investor profiles - with or without alternative investments

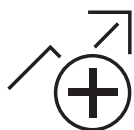


For illustration only. Source: UBS Asset Management

The funds **UBS Systematic Allocation Portfolio** are available in five different versions. They are characterized as follows:

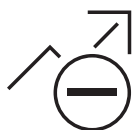
- Varying engagement in equity markets, depending on market situation and risk profile
- Suitable for investors who are interested in rule-based active management

- 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

Fund name		UBS (Lux) Strategy SICAV – Systematic Allocation Portfolio Defensive and Defensive Classic (USD) UBS (Lux) Strategy SICAV – Systematic Allocation Portfolio Medium and Medium Classic (USD) UBS (Lux) Strategy SICAV – Systematic Allocation Portfolio Dynamic (USD)								
Fund currency		USD; currency-hedged share classes: CHF hedged, EUR hedged, GBP hedged, SEK hedged, SGD hedged, AUD hedged, CAD hedged, HKD								
Domicile		Luxembourg								
Category		UCITS								
Portfolio manager		UBS Asset Management and UBS Global Wealth Management								
Custodian		UBS Europe SE, Luxembourg Branch								
Financial year		1 June – 31 May								
Issue/redemption		Daily								
Distributions		Distribution and accumulating share classes								
Swing pricing		yes								
EU saving tax		Distribution not affected, sale / redemption not affected								
Share class		P-acc USD	P-4%-mdist USD	P-acc CHF hedged	P-acc EUR hedged	P-acc SGD hedged	P-acc HKD	Q-acc USD	Q-acc CHF hedged	Q-acc EUR hedged
Defensive	Launch date	31.05.2017	31.05.2017	31.05.2017	31.05.2017	31.05.2017		31.05.2017	31.05.2017	31.05.2017
	ISIN	LU1599185649	LU1599185995	LU1599186027	LU1599186530	LU1599186704		LU1599185722	LU1599186373	LU1599186613
	Mgt. fee p.a.	1.06%	1.06%	1.06%	1.06%	1.06%		0.54%	0.54%	0.54%
	TER p.a. ¹	1.65%	1.67%	1.65%	1.65%	1.65%		1.01%	1.01%	1.01%
Medium	Launch date	31.05.2017	31.05.2017	31.05.2017	31.05.2017	31.05.2017	31.05.2017	31.05.2017	31.05.2017	31.05.2017
	ISIN	LU1599186969	LU1599187181	LU1599187264	LU1599187421	LU1599187777	LU1603467017	LU1599187009	LU1599187348	LU1599187694
	Mgt. fee p.a.	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	0.60%	0.60%	0.60%
	TER p.a. ¹	1.82%	1.84%	1.82%	1.82%	1.82%	1.81%	1.07%	1.07%	1.07%
Dynamic	Launch date	31.05.2017	31.05.2017	31.05.2017	31.05.2017	31.05.2017		31.05.2017	31.05.2017	31.05.2017
	ISIN	LU1599187934	LU1599188155	LU1599188239	LU1599188403	LU1599188668		LU1599188072	LU1599188312	LU1599188585
	Mgt. fee p.a.	1.35%	1.35%	1.35%	1.35%	1.35%		0.66%	0.66%	0.66%
	TER p.a. ¹	1.96%	1.98%	1.98%	1.97%	1.96%		1.10%	1.10%	1.11%
Defensive Classic	Launch date	03.07.2018			03.07.2018					
	ISIN	LU1821947436			LU1821947519					
	Mgt. fee p.a.	1.06%			1.06%					
	TER p.a. ²	1.59%			1.59%					
Medium Classic	Launch date	03.07.2018		03.07.2018	03.07.2018				23.07.2018	
	ISIN	LU1821947865		LU1821948087	LU1821947949				LU1821948160	
	Mgt. fee p.a.	1.20%		1.20%	1.20%				0.60%	
	TER p.a. ²	1.77%		1.77%	1.77%				1.02%	

¹ Total Expense Ratio (TER) as at 31.05.2018

² Total Expense Ratio (TER): indicative estimates

FOR FURTHER INFORMATION, PLEASE CONTACT YOUR CLIENT ADVISOR. FOR A DEFINITION OF FINANCIAL TERMS REFER TO THE GLOSSARY AVAILABLE AT [UBS.COM/GLOSSARY](https://www.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 him/herself.

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.

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