2020 outlook: Expecting the unexpected

04 Are you prepared? 06 Late cycle rebound 12 Clarity in a clouded market 18 Sustainability in 2020
In this edition of Panorama, our senior asset class and allocation experts assess the potential challenges and opportunities investors may face in 2020.

The following pages offer distinct viewpoints and investment insights across our global capabilities, to help meet your investment challenges.

For additional content and previous editions of Panorama, including videos and additional in-depth investment insight, visit ubs.com/panorama or scan the below QR code.

Contents

3 Shock tactics: Introduction

4 Are you prepared?: Unexpected outcomes, potential opportunities

6 Late cycle rebound: Global macroeconomic and tactical asset allocation outlook

12 Clarity in a clouded market: Thoughts from some of our key investment experts on how to manage the unexpected

18 Sustainability in 2020: Sustainable investing is advancing as adoption continues to grow

19 Why UBS Asset Management

Publishing information
Panorama is released bi-annually by UBS Asset Management
Editorial deadline: November 2019

Editors-in-chief
Claire Evans and Dan Heron

Editors
Sarah Gill, Lavonne Kuykendall and Beth Roberts

Design
Kelly McLaughlin

ubs.com/panorama
Shock tactics

A new year and a new decade approach, yet at first glance the major challenges to investors look set to remain unerringly familiar. A crystal ball for predicting the course of 2020 would be top of the wish list, but amid a maturing demand cycle and heightened geopolitical risks, there is increasing potential for major events that could disrupt markets. In the following pages, we highlight how investors should consider positioning themselves against some potential shock scenarios.

As detailed by Evan Brown, Dan Heron and Ryan Primmer of our Investment Solutions team, our macroeconomic base case is for a modest bounce in global demand growth into 2020. We expect global yield curves to steepen relative to current flat levels, but do not expect any material shift away from the broader low policy rates/low yield environment.

Against this macro backdrop, our investment experts give us their views on the investment opportunities ahead. Max Anderl, Head of Concentrated Alpha Equity and lead Portfolio Manager, focuses on idiosyncratic factors and secular growth rather than cyclical risks, while Kevin Russell, our CIO at UBS O’Connor, advocates a dynamic approach to both protect from, and exploit, heightened event risk.

For investors weighing their fixed income allocations, Jonathan Gregory, Head of Fixed Income UK, hones in on key areas of relative value within the government debt universe. In a low/negative yield environment, we also believe that investors will continue to embrace alternatives in a continuing quest for improved risk-adjusted returns. Paul Guest, lead Real Estate Strategist, argues that real asset capital values remain supported by both technical and fundamental factors.

Finally, Philip Brides, Head of Portfolio Management, Investment Solutions, takes a step back from short-term issues to underline the importance of a robust strategic asset allocation discipline to long-term returns.

With insights across both traditional and alternative asset classes, we trust you will find our year-end edition of Panorama thought-provoking and helpful in meeting the investment challenges that lie ahead.
Are you prepared?
Unexpected outcomes, potential opportunities

Barry Gill, Head of Investments
What are the investment implications if unexpected events occur in 2020 and how should investors consider responding?

Trade war truce
A comprehensive trade deal agreement between the US and China would reignite the global manufacturing cycle.

A trade agreement could potentially boost equities, particularly in emerging markets
(Read more on page 14)

Climate catastrophe
A mega-storm hits a major metropolitan area, a glacier collapse disrupts EU business, regional droughts threaten the food supply.

Investors can be part of the solution through sustainable investment strategies that engage with companies to help them reduce their carbon footprint. (Read more on page 18)
If tensions escalate to war between Saudi Arabia and Iran, oil facilities in the Gulf region could be devastated.

This scenario could force a realization that autonomy and electrification of the vehicle fleet is further away than thought, and could boost upstream energy and oil services stocks and/or alternative energy. (Read more about the global economic environment on page 6)

US election results could set the stage for sweeping changes in US economic policy and domestic regulation.

Many investors may consider underweighting US stocks vs. the rest of the world. (Read more on page 14)

Germany agrees to engage in fiscal stimulus to offset the waning benefits of monetary policy.

A major stimulus program could help to ignite value within European equities vs. European sovereign debt. (Read more about the global economic environment on page 6)
Late cycle rebound

Global macroeconomic and tactical asset allocation outlook

The global economy stands at an important late cycle inflection point. But late cycle does not mean end cycle. We continue to view short-term recession fears as overdone.

Rather, we expect a moderate growth reacceleration in early 2020 as geopolitical risks abate, China’s growth slowdown stabilizes and as the lagged impact of looser monetary policy globally feeds through to demand. Lower USD borrowing costs also herald an important easing of financial conditions to emerging markets that is likely to be positive for global demand growth.

The global demand slowdown in 2019 has been largely driven by global industrial production and trade as the negative impacts of the US/China trade dispute have increased. But global manufacturing lead indicators are now turning and we expect these tentative signs of improvement to become more definitive in the coming months. Key to the moderate demand pickup we expect is the delayed boost to economic activity from the significant easing of global financial conditions. Over the past year, the US Federal Reserve has performed a sharp policy pivot from the tighter stance and rhetoric of late 2018 to its current more accommodative position. Recent statements support our view that the Fed is now more likely to let US growth and inflation ‘run hot’ than it is to tighten policy early and risk a sharp downturn. We do not see the US federal funds rate rising in the near term.

Importantly, the shift to looser policy has not taken place only in the US, but has been broad based across both developed and emerging markets. Absent any extraneous demand shock, we see this supporting growth throughout the early part of 2020 as
We do not see the US federal funds rate rising in the near term.
the boost from lower rates feeds through more powerfully to manufacturing. We also expect consumption growth to remain resilient in 2020, underpinned by low unemployment and solid wage growth. Should growth falter, we believe that calls for fiscal stimulus to play a greater role in the overall policy mix will grow louder in a number of major economies.

Despite GDP at its lowest level since 1992, the one major central bank whose policy stance has not moved to unequivocally loose is the People’s Bank of China (PBoC). The five basis point cut in one-year bank lending rates in early November is evidence that the PBoC is not ignoring the growth slowdown. But its modest nature perfectly reflects the difficult balancing act it faces between conflicting cyclical and structural goals. This does not concern us unduly. With the full monetary and fiscal policy toolkit at their disposal the Chinese authorities are able to turn to other measures alongside interest rates to influence the rate of demand while rebalancing its drivers. We expect

**Exhibit 2: US monetary policy is loose**

Source: UBS Asset Management, Macrobond, as of October 2019.
We expect Chinese growth to stabilize as these policy actions take effect and there is scope for further stimulus measures if necessary.

Geopolitics represent both risk and opportunity. Brexit and the US/China trade standoff were the headline geopolitical stories of 2019. However, the probability of a worst case scenario on both issues has clearly diminished. We see sufficient goodwill in the most recent US/China rhetoric to suggest that some of the previously announced tariffs could be cancelled rather than just postponed. Such an outcome could provide much needed support to global corporate confidence.

Twelve months ago we said that global growth fears were overdone given the likely resilience of developed world labor markets. We therefore entered 2019 with a positive view on global equities that has since been well rewarded. We continue to see short-term recession concerns as exaggerated and there are major opportunities from a tactical asset allocation perspective in an extension of the business cycle and a stabilization of growth prospects relative to what is priced into markets. We expect some sharp rotation within risk assets.

Given our belief in a modest demand rebound, we currently favor the more growth sensitive equity markets of the eurozone, China, Japan and emerging markets. US equities have enjoyed a sustained period of outperformance in a global context. We understand the tactical argument that the more domestically focused US indices are less exposed to near term trade war concerns. However, as 2020 progresses we see a mix of both cyclical and structural factors coming into play. In particular headlines around the US presidential election and potentially dramatic changes in US economic policy will likely prompt bouts of volatility that may disadvantage US equities over their international peers. Still, investors must weigh the probabilities of one candidate having the full legislative backing to generate truly transformational change.

There is scope for Chinese equities to rerate higher as capital markets open up to international investors and we see capital flows increasing in the wake of the inclusion of onshore Chinese equities in MSCI’s widely followed emerging market (EM) equity indices. There are also strong arguments for
wider EM equities, which we see as the major beneficiary of a global demand bounce, any US/China trade truce and of the cut in USD borrowing costs.

A modest rebound in global demand suggests to us that there will be at least some upward pressure on longer-dated government bond yields given the very low growth and inflation assumptions reflected in the 10yr government bond prices of developed countries including Japan, Germany and Switzerland. With monetary policy likely to remain loose even in the face of improving data, we see developed world nominal yield curves steepening. Our favored market for this view is the US, where we are long the UST two year and short the UST 10 year in a yield curve ‘steepener’ to exploit this scenario. Given relatively high nominal and real yields Chinese bonds stand out to us as the one genuinely attractive major sovereign bond market. Inclusion in major bond indices is likely to see additional structural downward pressure on Chinese yields.

Credit also offers some compelling opportunities to play a cyclical uptick. As with EM equities, we see a rebound in global manufacturing and lower USD funding costs as being supportive for emerging market credit in general. Against this backdrop, both local and hard currency EM yield spreads over US Treasuries appear attractive vs. US investment grade and US high yield.

We believe that staying flexible and nimble to exploit asset allocation opportunities as and when they arise will be important in 2020 and beyond.

The maturity of the cycle, residual geopolitical risks and some crowded positions across asset classes raise the prospect of intermittent bouts of headline and intra-market volatility in 2020. In a lower growth environment, returns from risk assets are also likely to be lower than investors have enjoyed for most of the last decade. Given this backdrop, we believe that staying flexible and nimble to exploit asset allocation opportunities as and when they arise will be important in 2020 and beyond.
Overall signal =

Positive
Negative

Traditional asset classes, and currencies—as of November 2019

<table>
<thead>
<tr>
<th>Overall signal</th>
<th>Unattractive</th>
<th>Neutral</th>
<th>Attractive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eurozone</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMD ex China</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EZ (Core)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US Inv Grade</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Yield</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMD USD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMD LC</td>
<td></td>
<td></td>
<td>China</td>
</tr>
<tr>
<td><strong>Currencies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GBP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CNY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EUR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emerging</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JPY</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Source: UBS Asset Management’s Investment Solutions Macro Asset Allocation Strategy team as at 12 November 2019. Views are provided on the basis of a 3–12 month investment horizon, are not necessarily reflective of actual portfolio positioning and are subject to change.
Clarity in a clouded market

Thoughts from our key investment experts
How should investors prepare for uncertain markets ahead? Our investment experts answer some key questions, from the debate on value vs. growth stocks to structural factors affecting fixed income and the importance of an asset allocation strategy.

Our experts

Max Anderl
Head of Concentrated Alpha Equity and Lead Portfolio Manager

Jonathan Gregory
Head of Fixed Income UK, Senior Portfolio Manager

Kevin Russell
Chief Investment Officer, O’Connor

Paul Guest
Lead Real Estate Strategist

Philip Brides
Head of Portfolio Management, Investment Solutions
Max Anderl  
_Head of Concentrated Alpha Equity and Lead Portfolio Manager_

_Q: How much longer do you expect the US equity bull market to last?_  
*A: Predicting recessions is notoriously difficult. However, we see no obvious short-term catalyst that will derail the US equity bull market. The medium-term outlook is dependent on the US/China trade war, economic growth and interest rates. Typically, a build-up of economic imbalances or overly tight monetary policy bring cycles to an end. But both factors are weak this time around: corporates and consumers are relatively cautious and central banks are leaning towards dovish policies._

_Q: Where should investors be positioning themselves for surprises such as a trade war truce, and what areas of the market look like good opportunities?_  
*A: Investors are faced with a number of market risks. The most obvious one stems from the US/China trade war, where a short-term ceasefire seems likely but major improvements less likely due to ideological differences and China’s political ambitions. We expect slower Chinese growth as the shift from exports to internal consumption continues. UK corporate investments have already slowed ahead of Brexit, creating pent-up demand. However, recovery potential is likely limited as consumers have not been overly cautious. Asset prices could be boosted in the run-up to the 2020 US presidential election given Trump’s preoccupation with equity market returns. Central banks are expected to remain supportive and short-term interest rates will likely continue falling, supporting equity valuations. We expect downgrades to 2019 earnings and believe current 2020 EPS estimates look ambitious. As stock pickers, we focus on companies where the earnings growth potential is driven by company-specific factors or secular growth, rather than being reliant on cyclical factors that are out of the company’s control._

Jonathan Gregory  
_Head of Fixed Income UK, Senior Portfolio Manager_

_Q: The third quarter of 2019 saw an inverted US yield curve. What does this mean for investors in the coming months?_  
*A: Bond yields did indeed collapse across the globe earlier in 2019 as fears about trade and a slowdown in China gathered pace. But there are also structural factors at work suppressing longer dated bond yields, meaning investors are probably reading too much into the shape of the US_
yield curve today. We need to consider the extent to which yields have been lowered by central bank action since 2008. Remember it was an explicit goal of the US Federal Reserve, as part of its quantitative easing (QE) program, to flatten the curve and crowd out investors from government bonds and into more productive areas of the economy. Add to that the strong demand from yield hungry investors from Japan and the eurozone and you end up with a very flat US curve that, in our view, signals less about the probability of recession and a lot more about the side-effects of QE.

Q: Where should investors be positioning themselves?
A: Bond investors have become very downbeat about the outlook for growth and inflation in the eurozone and this is reflected in negative yields in several countries, most importantly Germany. In many ways this is justified given the structural challenges faced by the region, the ECB’s recent expansion of QE and unstable US-China relations. However, any improvement in the near term outlook, particularly around a trade deal, would leave eurozone bonds looking like a very poor value indeed and subject to a material repricing. Instead the US and China, where real yields are higher, currently offer better opportunities for investors and a more attractive risk/reward trade off.

Kevin Russell
Chief Investment Officer, O’Connor

Q: Can value outperform growth in 2020?
A: Although the low rate, low growth macro environment seems set to continue in 2020, recent market performance shows us that this is a consensus view and that the resulting investor positioning in short value and long growth and momentum factors is extreme. While any headline indicating resolution of one of the many macro risks weighing on the market is likely to create squeezes in value and underperformance of growth, we do not expect value to outperform growth in 2020. Slowing economic growth and the reality of how late we are in the economic cycle present a significant headwind for value that will likely be difficult to overcome. Additionally, growth and momentum stocks are typically characterized by differentiated business models and management teams, both of which can drive sustained outperformance over a long cycle.

Q: How should investors position themselves for market surprises, such as Brexit or US election results?
A: Our experience has been that in a market environment beset by significant event risk, investors are well served by carrying lower amounts of baseline risk while looking to be dynamic, seeking to exploit the inevitable dislocations that
arise from the combination of highly consensual investor outlooks and residual event risk. In such an environment, investors should pay particular attention to segments of their portfolio where crowding is prevalent. Such positions are often vulnerable to spontaneous de-risking and sharp reversals when events or newsflow challenge the consensus view.

While the market can often ignore economic data and corporate fundamentals for short periods of time, it will eventually return to these fundamental drivers. Therefore, it is important to focus on our core investment principles while maintaining a healthy respect for the ability of positioning and sentiment to be the primary drivers of performance for extended periods of time.

Q: What changes do you expect to see in real assets in the year ahead?
A: The shift in monetary policy is expected to have a profound effect on real estate in 2020. Real estate risk premia, reflected in the property yield premium over risk-free rates, have gone from equal to or below long-run averages to on a par with or above those averages. Although total returns have deteriorated from their highs in 2015-2016, the level of return is, in our view, still attractive. We believe the sector will continue to attract capital. However this will need to be balanced against a weakening economic outlook, which will likely impact tenant demand and therefore rental growth. We foresee limited capital value growth and returns driven almost exclusively by income.

Q: What areas of the market look like good opportunities?
A: In 2020, we believe that investors should focus on embedded value creation and/or property sub-sectors where demand exceeds availability. Such areas include last mile logistics, student housing, research and development facilities, aged care and multifamily, depending on the market. That said, these are also where the greatest competition exists.

Given we do expect only limited capital growth, we also believe this is a market where asset management skills are likely to prove pivotal to returns. In particular, the skill to identify buildings which can be upgraded, reconfigured, re-tenanted, or repositioned to generate new revenue streams or to enhance rental income can make a material difference. Investors also need to ensure that there is actual demand for that type of asset, particularly as economic
growth slows. We also advocate carefully limiting costly portfolio turnover. Finally, it will also be important to avoid simply getting into a competition for yield or pushing up leverage to generate returns.

Q: How can a multi-asset approach help smooth returns over the next year?
A: Since the chastening experiences of the global financial crisis of 2008/2009, investors have become more aware of the potential for sharp and disproportionately large drawdowns from single asset classes. Given enough time, many of these drawdowns will be reversed, but staying fully invested in order to capture the rebound assumes that investors don’t have liquidity needs in the interim. Overall we believe that these types of risk are inherent within financial markets, but that investors are rewarded with returns over time by taking on these types of temporal risks.

---

Philip Brides
Head of Portfolio Management, Investment Solutions

Q: Where should investors be positioning themselves?
A: We believe the strategic asset allocation (SAA) decision is the single most important decision that any investor can make.

SAA relies on historical or modelled relationships which we believe should have a high probability of holding over the medium and long term, but that are more prone to surprises over the short term. The challenge to this approach at the moment is there are few asset classes that are notably cheap. In fact, some asset classes that normally play an important defensive and diversification role are notably expensive. Investors are therefore rightly worried about downside risk from a variety of market attributes.

Understanding near-term risks lends itself to a strategy that tries to be more nimble in allocations. We believe that valuation is the most important driver of asset class return over the long term but we also recognize that it has almost no effect on asset returns over the short term. For this reason, an active tactical asset allocation that takes macroeconomic themes and the positioning of other investors into account may benefit returns and risk management over short horizons.
Sustainability in 2020

Sustainable investing is advancing as adoption continues to grow

Q: As we head into 2020, how do you see SI trends playing out?
A: Climate will undoubtedly remain a priority for our clients. In 2019, in collaboration with Responsible Investor, we completed a global survey of institutional investors representing EUR 19.02 trillion – a substantial part of the global asset owner community. It clearly showed environmental factors are a key reason for integrating Environmental Social and Governance (ESG) analysis within investment processes.

European asset owners went further still: most said within the next five years environmental factors could outstrip financial factors when analyzing companies.

Q: What are sustainable investors doing on engagement?
A: I expect a continued focus on Stewardship – it plays a key role in helping companies transition to lower-carbon business models.

2019 demonstrated the strength of investor coalitions. These dialogues have generated some notable outcomes: a global energy company committed to take significant additional action on climate change as a result of investor engagement led by UBS Asset Management, HSBC Global Asset Management and Storebrand Asset Management, as part of our membership of Climate Action 100+.

Asset managers’ proxy voting records also came under close scrutiny. I believe that will continue into 2020. Calls are growing for firms’ proxy voting activities to align with their public statements, particularly around climate change. In some cases there is a marked mismatch between the two.

We believe companies should have a well-articulated strategy for reducing greenhouse gas emissions, be clear about goals, and report on progress. Our voting record reflects this. Voting is an important part of our fiduciary duty to our clients and has long been integral to our overall stewardship approach.

Read the full version of this Q&A at: ubs.com/panorama.
Why UBS Asset Management

Drawing on the breadth and depth of our capabilities and our global reach, we turn challenges into opportunities. Together with you, we find the solution that you need. At UBS Asset Management we take a connected approach.

Ideas and investment excellence
Our teams have distinct viewpoints and philosophies but they all share one goal – to provide you with access to the best ideas and superior investment performance.

A holistic perspective
The depth of our expertise and breadth of our capabilities allow us to have more insightful conversations and an active debate, all to help you make informed decisions.

Across markets
Our geographic reach means we can connect the parts of the investment world most relevant for you. That’s what makes us different – we are on the ground locally with you and truly global.

Solutions-based thinking
We focus on finding the answers you need – and this defines the way we think. We draw on the best of our capabilities and insights to deliver a solution that is right for you.

What we offer
Whatever your investment profile or time horizon, we offer a comprehensive range of active and passive investment styles and strategies designed to meet your needs across all major traditional and alternative asset classes. We also offer platform solutions and advisory support, to institutions, wholesale intermediaries and wealth management clients. We are a truly global firm with principal offices in Chicago, Frankfurt, Hartford, Hong Kong, London, New York, Shanghai, Singapore, Sydney, Tokyo and Zurich. Our invested assets total USD 858 billion and we have around 3,400 employees, including around 900 investment professionals, located in 22 countries.

Who we are
We are one of the largest managers in Alternatives: the second largest fund of hedge funds manager and one of the top 10 real estate managers worldwide. We are a leading fund house in Europe, the largest mutual fund manager in Switzerland, the best-selling European active fund house and the top foreign firm in China. UBS’s unique passive offering, encompassing index and systematic strategies, provides smart beta, alternative indices, and other custom solutions to meet our clients’ needs. We are the second largest European-based indexed player and the fourth largest ETF provider in Europe. We are the leading Asset Manager for voting on climate resolutions.

Past performance is not indicative of future results.

1 As of 30 September 2019.
2 As of 31 December 2018 (updated annually). Around 1,150 internal and external FTE from Corporate Center (excluding staff supporting AM less than 80% of the time).
3 HFM InvestHedge Billion Dollar Club, March 2019.
5 Morningstar/Swiss Fund Data Fundflows, September 2019.
6 Ignites Europe, January 2019.
8 UBS Asset Management analysis of AUM from company disclosures, November 2019.
9 ETFGI European ETF and ETP industry insights, March 2019.
 Americas
 The views expressed are a general guide to the views of UBS Asset Management as of November 2019. The information contained herein should not be considered a recommendation to purchase or sell securities or any particular strategy or fund. Commentary is at a macro level and is not with reference to any investment strategy, product or fund offered by UBS Asset Management. The information contained herein does not constitute investment research, has not been prepared in line with the requirements of any jurisdiction designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. All such information and opinions are subject to change without notice. Care has been taken to ensure its accuracy but no responsibility is accepted for any errors or omissions herein. A number of the comments in this document are based on current expectations and are considered “forward-looking statements”. Actual future results, however, may prove to be different from expectations. The opinions expressed are a reflection of UBS Asset Management’s best judgment at the time this document was compiled, and any obligation to update or alter forward-looking statements as a result of new information, future events or otherwise is disclaimed. Furthermore, these views are not intended to predict or guarantee the future performance of any individual security, asset class or market generally, nor are they intended to predict the future performance of any UBS Asset Management account, portfolio or fund.

EMEA
 The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith, but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the document. UBS AG and/or other members of the UBS Group may have a position in and may make a purchase and/or sale of any of the securities or other financial instruments mentioned in this document.

Before investing in a product please read the latest prospectus carefully and thoroughly. Units of UBS funds mentioned herein may not be eligible for sale in all jurisdictions or to certain categories of investors and may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units. Commissions and costs have a negative impact on performance. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency fluctuations. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient.

The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient’s personal use and information purposes only. This document may not be reproduced, redistributed or republished for any purpose without the written permission of UBS AG.

This document contains statements that constitute “forward-looking statements”, including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

UK
 Issued in the UK by UBS Asset Management (UK) Ltd. Authorised and regulated by the Financial Conduct Authority.

APAC
 This document and its contents have not been reviewed by, delivered to or registered with any regulatory or other relevant authority in APAC. This document is for informational purposes and should not be construed as an offer or invitation to the public, direct or indirect, to buy or sell securities. This document is intended for limited distribution and only to the extent permitted under applicable laws in your jurisdiction. No representations are made with respect to the eligibility of any recipients of this document to acquire interests in securities under the laws of your jurisdiction.

Using, copying, redistributing or republishing any part of this document without prior written permission from UBS Asset Management is prohibited. Any statements made regarding investment performance objectives, risk and/or return targets shall not constitute a representation or warranty that such objectives or expectations will be achieved or risks are fully disclosed. The information and opinions contained in this document is based upon information obtained from sources believed to be reliable and in good faith but no responsibility is accepted for any misrepresentation, errors or omissions. All such information and opinions are subject to change without notice. A number of comments in this document are based on current expectations and are considered “forward-looking statements”. Actual future results may prove to be different from expectations and any unforeseen risk or event may arise in the future. The opinions expressed are a reflection of UBS Asset Management’s judgment at the time this document is compiled and any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise is disclaimed.

You are advised to exercise caution in relation to this document. The information in this document does not constitute advice and does not take into consideration your investment objectives, legal, financial or tax situation or particular needs in any other respect. Investors should be aware that past performance of investment is not necessarily indicative of future performance. Potential for profit is accompanied by possibility of loss. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Australia
 This document is provided by UBS Asset Management (Australia) Ltd, ABN 31 003 146 290 and AFS License No. 222605.

Source for all data and charts (if not indicated otherwise): UBS Asset Management.

The key symbol and UBS are among the registered and unregistered trademarks of UBS.