

# UBS Multi Asset Inflation Aware Index

A Global Multi-Asset Index that  
*Adapts to Inflation Regimes.*



# UBS Multi Asset Inflation Aware Index Overview

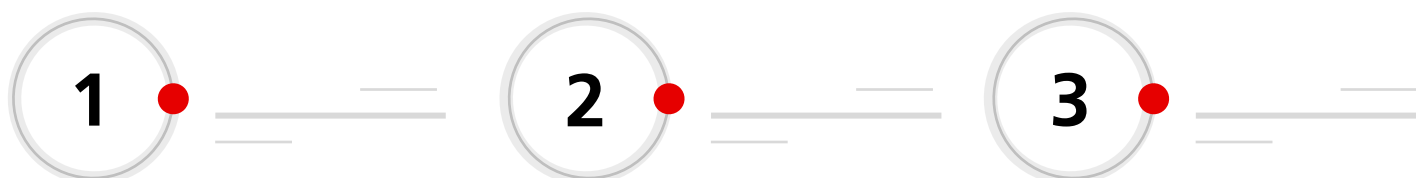
The UBS Multi Asset Inflation Aware Index (the “Index” or the “UBS-MAIA Index”) aims to provide a diversified and global exposure to equities, bonds and commodities using a risk-based allocation that is informed by market implied U.S. inflation environment.

Each asset class features a specific investment mechanism. Equities use an **intraday rebalancing** methodology to quickly react to changes in equity markets. Bonds use a **dynamic weighting mechanism** allowing it to adapt to various rates environments. In addition, a **diversified commodity** strategy is used as an uncorrelated source of returns particularly in periods of high inflation.

Finally, the Index targets a volatility of 5% with the goal of providing smooth and stable returns over the long run.

<b>Ticker</b>	<b>UBSMAIA5 Index</b>
<b>Website</b>	<a href="http://www.ubs.com/ubsmaia5">www.ubs.com/ubsmaia5</a>
<b>Index Sponsor</b>	UBS AG
<b>Index Type</b>	Excess Return
<b>Calculation Agent</b>	MerQube, Inc
<b>Backtest Start Date</b>	Mar 31 <sup>st</sup> , 2004
<b>Index Live Date</b>	Nov 11 <sup>th</sup> , 2022
<b>Volatility Target</b>	5%
<b>Maximum Exposure</b>	300%
<b>Rebalance Frequency</b>	Daily (equity component might be rebalanced intraday)

## Index Building Blocks



### **Inflation regime** using market implied inflation expectations

- Level of inflation expectations relative to historical levels: low, medium or high
- Recent change in inflation expectations: decrease, stable or increase
- Nine different inflation regimes

### **Monthly allocation** to a global exposure, informed by current inflation regime

- Global equities, covering US (S&P 500<sup>®</sup>), Europe (Euro Stoxx 50<sup>®</sup>) and Japan (Topix 100<sup>®</sup>) with intraday risk control
- Global dynamic bonds exposure covering US 10Y Treasuries, German 10Y Bunds and Japanese 10Y JGB
- Diversified commodity strategy harvesting supply/demand imbalances across 21 different commodities

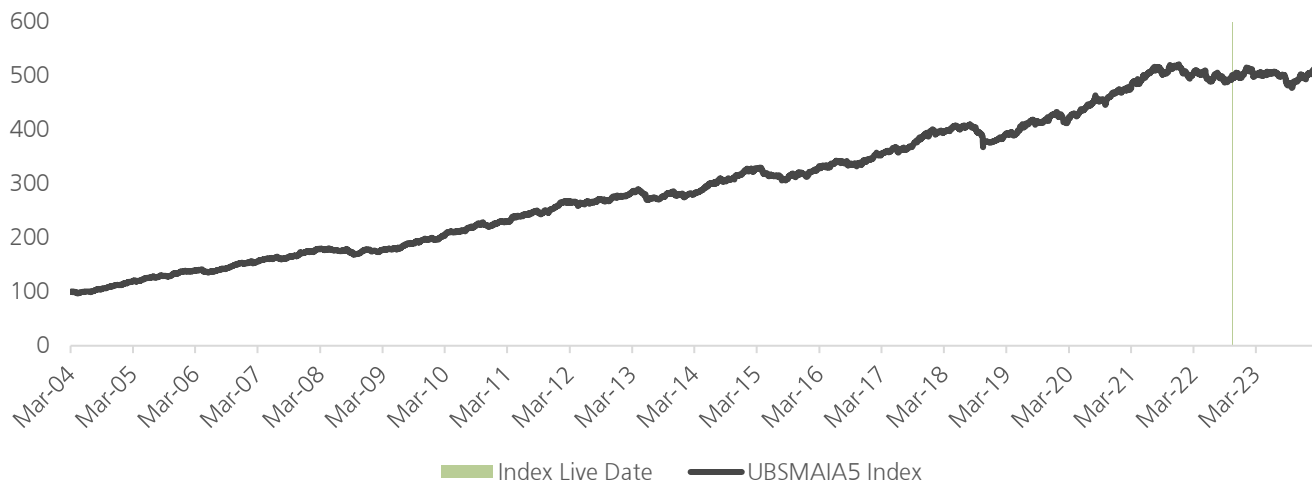
### **Multi-layer volatility control**

- Volatility control on each of the Index sub-components
- Top level volatility control
- Rebalancing the overall Index daily, targeting 5% volatility (equity component might be rebalanced intraday)

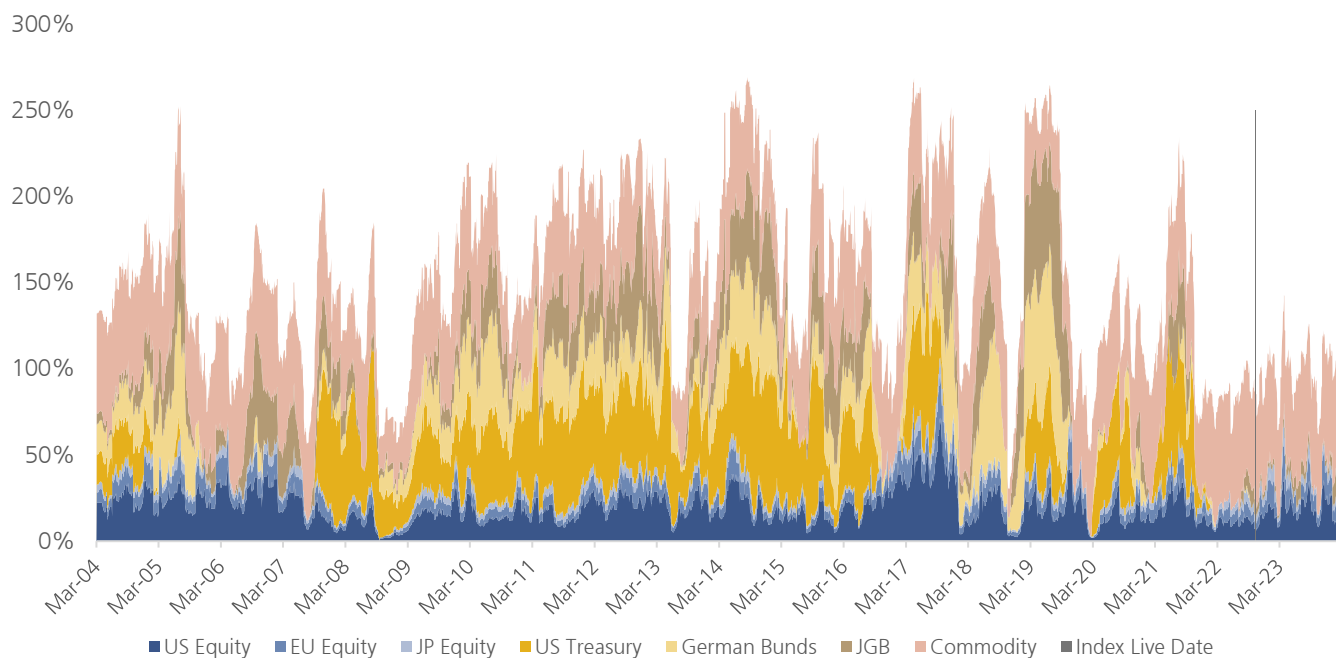
# Index Performance

## Live and Backtested Performance\*

Range: March 31, 2004 – March 31, 2024



## Live and Backtested Index Components Weightings\*



- During the financial crisis in 2008-2009, the Index would have had little to no exposure to equities and reduced exposures to bonds and commodities.
- During a low inflation period such as 2014-2015, the Index would have had a larger allocation to bonds compared to the average bonds allocation historically. During that period, the bond component outperformed equity and commodity components.
- However, during a rising or high inflation period such as 2021-2022, the Index would have had little to no allocation to bonds, which would help reduce the negative impact from rising rates. During the same period, the inflation regime would signal a higher risk budget for commodity component, which has performed well in a high inflation environment.
- In a highly bullish equity market such as during 2019, the Index would have underperformed benchmark equity indices, given the diversified multi-asset nature and the lower volatility.

Note: Weights shown above are at futures or sub-index level after applying signals and leverages. Weights are stacked and do not sum up to 100%.

\* See important disclosure on the following pages concerning the use of backtested data, as well as selected risk considerations and other information.

## Live and Backtested Index Return and Volatility Summary

Range: March 31, 2004 – March 31, 2024

	YTD	1y	3y	5y	10y	All
<b>Annualized Return</b>	4.52%	4.26%	3.15%	5.90%	6.39%	8.63%
<b>Volatility</b>	4.07%	4.69%	4.87%	4.77%	4.91%	4.83%
<b>Return/Risk</b>	1.11	0.91	0.65	1.24	1.30	1.79

The term “backtested performance” refers to simulated performance data provided as an illustration of how the Index would have performed during the relevant period had the Index administrator been calculating the Index using the current Index methodology. The “backtested index return and volatility summary”, and “backtested index components weightings”, are derived from simulated performance data and are provided as an illustration of how the Index would have performed and what the index components and weightings would have been, respectively, during the relevant period had the Index administrator been calculating the Index using the current Index methodology. Such simulated performance data has inherent limitations, as the simulated data is produced by the retroactive application of a backtested methodology.

Simulated performance data is based on criteria applied retroactively with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect the actual performance of the Index or any financial product that references the index, and may reflect a bias toward strategies that have performed well in the past. This data does not reflect actual performance, nor was a contemporaneous investment model run of the Index. The actual performance of the Index or any financial products that reference the Index may vary significantly from the backtested performance data. No future performance of the Index can be predicted based on the simulated performance described herein. Index performance is net of a 0.50% per annum index fee and transaction and rebalancing costs further described in the Selected Risk Considerations on the following page. A copy of the Index methodology will be provided upon request through your advisor, broker or other professional financial representative.

The UBS Multi Asset Inflation Aware Index went live on November 11<sup>th</sup>, 2022. All Index data prior to that date is based on backtested performance and any performance prior to index inception is hypothetical.

# Selected Risk Considerations

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- The Index is not guaranteed to succeed at meeting its objectives.
- The Index relies on a risk control methodology and could underperform indices that do not have a risk control overlay.
- The intraday rebalancing of the Index can lead to underperformance when markets exhibit non-trending behavior. For example, if equities included in the index experience a sharp decline followed by a sharp recovery within the same day, the intraday drawdown control mechanism may cause the Index to underperform similar indices that do not have such an intraday drawdown control mechanism.
- The Index has exposure to global equities, commodity and global bonds markets which may be volatile and decline in value.
- Financial products linked to the Index will be exposed to the risks of those products.
- Relative strength and trend-following strategies, including the Index, could underperform in mean-reverting markets.
- By design, multi-asset indices tend to have lower correlations to equity markets. Compared to equity-only strategies, a global diversified multi-asset strategy may underperform in highly bullish equity markets.
- Risks of multi-asset investing include but are not limited to market risk, credit risk, interest rate risk, and foreign exchange risk. Correlations of returns among different asset classes may deviate from historical patterns. Geopolitical events and policy shocks pose risks that can reduce asset returns. Valuations may be adversely affected during times of high market volatility, thin liquidity, and economic dislocation.
- The Index uses leverage which may amplify market movements in both directions. Investors may be overexposed to negative market conditions and therefore bear amplified losses.
- The Index is an excess return index and will not earn any cash reinvestment return. Any uninvested portion will be carried in a non-interest-bearing cash account.
- The Index has a limited operating history and may perform in unanticipated ways.
- Backtested performance and backtested allocations of the Index should not be taken as an indication of the future performance of, or future allocations of, the Index. The actual performance or component allocations of the Index may bear little relation to the backtested performance or backtested component allocations of the Index.
- Disruption events may impact the calculation of the Index.
- The Index deducts transaction and replication costs, each calculated and deducted on a daily basis based on predefined rules. The costs cover, among other things, rebalancing and replication. The total amount of transaction and replication costs is not predictable and will depend on a number of factors, including the leverage of the Index, which may be as high as 300%, the performance of the underlying components, and market conditions.
- The Index performance reflects (i) a 0.50% per annum Index fee and (ii) transaction (based on notional positions) and rebalancing (based on turnover) costs at rates that may vary based on the underlying assets at the Index level and also within certain underlying assets. Because certain costs are based on turnover, such costs are not predictable and may increase substantially in the future, especially during periods of market stress. The transaction and rebalancing costs will reduce the potential positive change in the level of the Index and increase the potential negative change in the level of the Index.
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