

UBS Life North America Equity Tracker GBP Hedged Fund

Fund Type

Passive North American equities for exempt approved UK pension funds.

Fund objective

The Fund aims to match the performance of the FTSE North America (GBP Currency Hedged) Index measured in Sterling.

Fund description

The Fund invests in the shares of a wide range of North American companies, with currency exposure hedged back to Sterling.

Past performance is not a guide to future performance. The value of investments and the income from them can go down as well as up and are not guaranteed. You may not get back the amount originally invested.

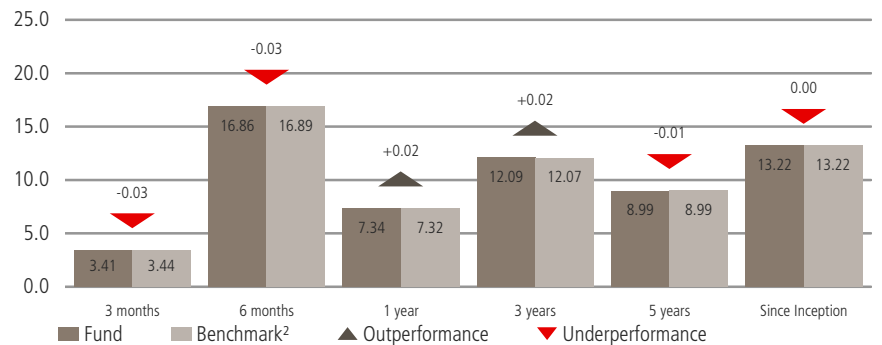
Performance is based upon the underlying net asset value (NAV) price of 'A' Units. 'A' Units do not incur any fees or charges levied by the manager. The Fund is priced as at month end for performance and reporting purposes.

Changes in rates of exchange may cause the value of this investment to fluctuate.

As at 1 July 2015 companies involved in controversial weapons were banned from the passive market capitalisation weighted life funds. The stocks are identified by Ethix SRI Advisors. Given their relatively low number and index weightings, the ban has a minimal impact on expected tracking errors⁴. However, for the affected funds, at an individual stock level there may be a few larger weight deviations relative to the index than observed previously.

Quick facts

Status	Unit Linked Insurance Fund
Launch date	15 June 2009
Fund size	GBP 934.9m
Predicted tracking accuracy	± 0.50% p.a.
Indexation method	Full replication
Initial charge	None
Exit charge	None
Pricing basis ¹	Swinging single price. Mid-pricing basis, based on close of business previous working day
Dealing	Daily
Sedol codes	B65PDG8 (A Units)

Performance (%)


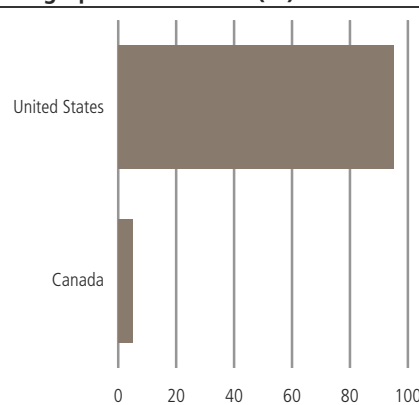
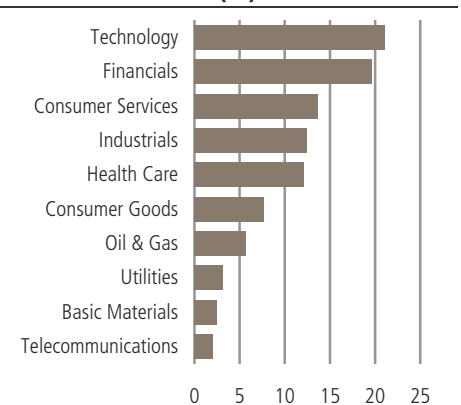
For periods greater than 1 year, annualised returns are shown. Rounding may occur.

Rolling 12 Months (%)

	Q2 2018 to Q2 2019	Q2 2017 to Q2 2018	Q2 2016 to Q2 2017	Q2 2015 to Q2 2016	Q2 2014 to Q2 2015
Fund	7.34	12.37	16.75	2.17	6.86
Benchmark ²	7.32	12.40	16.69	2.24	6.87

Calendar year performance (%)

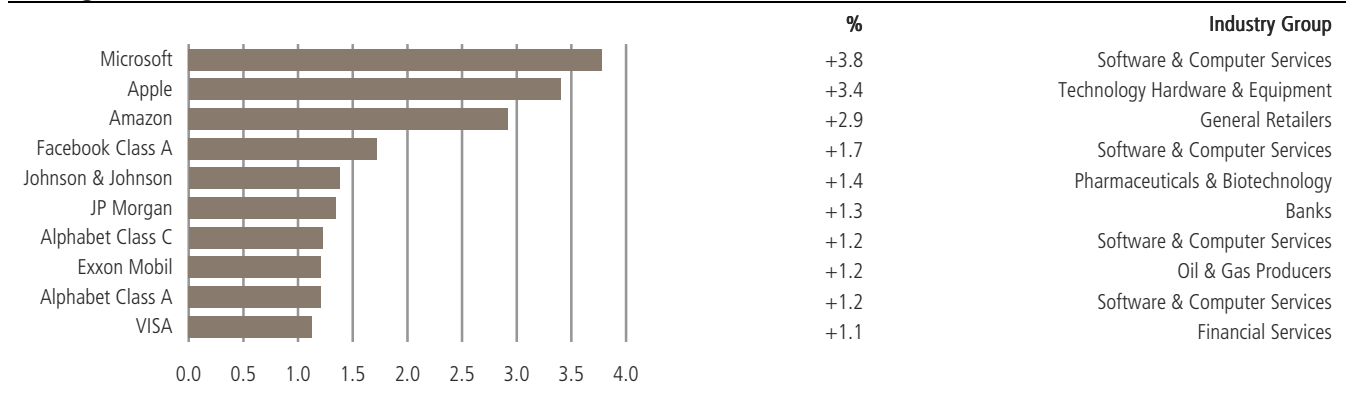
	2018	2017	2016	2015	2014
Fund	-6.55	19.91	11.08	0.20	13.36
Benchmark ²	-6.57	19.89	11.17	0.16	13.37

Geographic breakdown (%)³

Sector breakdown (%)³

Fund risk analysis

	1 year	3 years	5 years
Annualised Standard Deviation of Fund ⁵	19.01	12.09	11.82
Annualised Standard Deviation of Index ⁵	19.03	12.10	11.83
Tracking Error ⁶	0.08	0.06	0.06

⁵For periods greater than 1 year, the annualised standard deviation is based on monthly logarithmic returns. ⁶Tracking error is the standard deviation of the difference between the monthly portfolio and benchmark returns, based on logarithmic returns and is annualised for periods greater than 1 year. Please note that historical tracking error is not a guide to the future. Tracking error levels will vary according to market conditions. For periods greater than 1 year, annualised returns are used to calculate the value added and the tracking error. ⁴Ex-ante tracking error is calculated using an appropriate risk system and risk model. The ex-ante tracking error is an indicative forecast only and may not reflect the realised (ex-post) tracking error experienced by the Portfolio.

Ten largest stocks in the benchmark (%)³



Source for all data UBS Asset Management unless otherwise specified.

Details of fees and charges for institutional investors are available on request. Scheme members should consult their scheme administrator if they require details of how charges affect their plan or how to invest in the Fund.

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¹ Investing and disinvesting charges reflecting the actual cost of dealing in the assets will be borne by the investor.

² As of January 2016 the official FTSE Russell gross index is shown, for periods prior to that date the benchmark was internally calculated net of appropriate withholding tax where applicable. From January 2016, the fund return is expected to be below the benchmark return, predominantly driven by non-recoverable withholding taxes and the cost implications of hedging.

³ Information shown is that of the index. The Fund seeks to track the index using full replication, rebalancing where required. For practical reasons, on a day to day basis, Fund weights may be marginally different from the index. Source: RIMES.

Economic overview

While there was no interest rate cut from the Federal Reserve over the quarter, policymakers softened their language on the interest rate outlook and Chairman Powell noted the case for easing monetary policy had grown stronger, and pledged to act as needed. Investors now fully expect the central bank to cut interest rates by a quarter of a percentage point when it meets in July, with further rate cuts seen as likely later in 2019.

Readings for US GDP for Q1 saw a healthy rate of annualised growth of 3.1%, ahead of expectations. However, there were mounting signs of a possible slowdown in the second quarter as global growth spluttered amidst ongoing trade tensions. Measures of services and manufacturing activity, as well as consumer spending, were muted.

While payroll numbers earlier in the quarter delivered positive surprises, expectations for June were missed by a wide margin and wage inflation remained subdued. Overall, unemployment is now at the lowest level seen for fifty years.

Fund manager comment

Following the FTSE quarterly review in June, two stocks were added to and two stocks were deleted from the index, along with various changes in the shares in issue of the index constituents. Two-way index turnover was around 1.58%.

Also during the quarter, but outside of the review, Dow was added to the index following a spin-off from DowDuPont. Goldcorp was acquired by Newmont Mining for cash and shares. Uber Technologies was added to the index following an IPO.

Activity in the Fund reflected these changes.

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