

UBS Life UK Fixed Interest Tracker Fund

Fund Type

Passive UK gilt for exempt approved UK pension funds.

Fund objective

The Fund aims to match the performance of the FTSE Actuaries Government Securities All Stocks Gilt Index.

Fund description

The Fund invests in fixed interest securities issued by the British government.

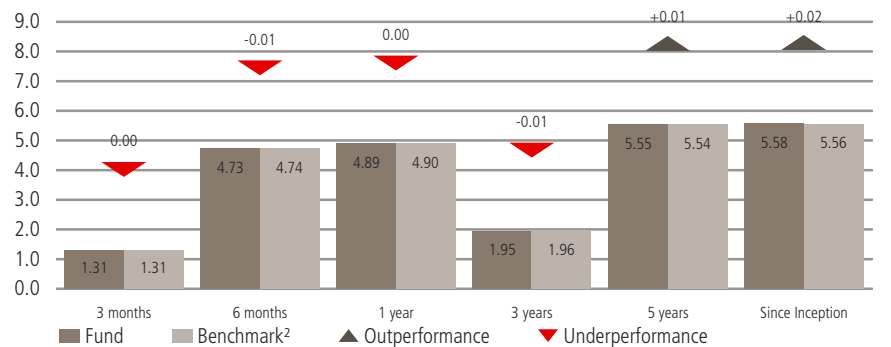
Past performance is not a guide to future performance. The value of investments and the income from them can go down as well as up and are not guaranteed. You may not get back the amount originally invested.

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.

Quick facts

Status	Unit Linked Insurance Fund
Launch date	08 June 1998
Fund size	GBP 46.2m
Predicted tracking accuracy	± 0.10% p.a.
Indexation method	Stratified sampling
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	0268198 (A Units) 0268295 (B Units)

Performance (%)


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

Rolling 12 Months (%)

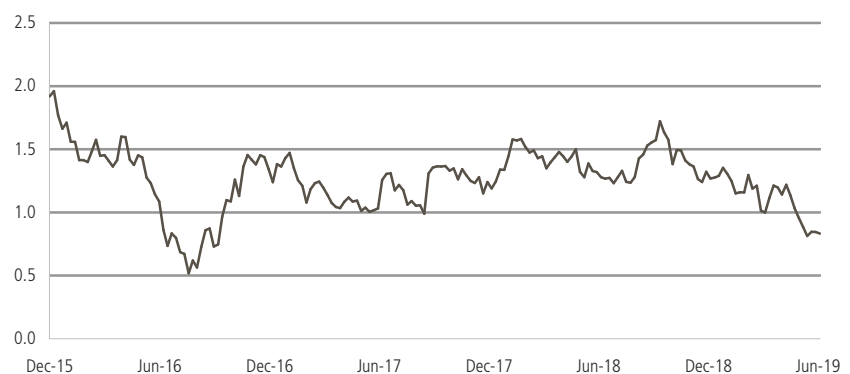
	Q2 2018 to Q2 2019	Q2 2017 to Q2 2018	Q2 2016 to Q2 2017	Q2 2015 to Q2 2016	Q2 2014 to Q2 2015
Fund	4.89	1.93	-0.88	13.52	8.89
Benchmark ²	4.90	1.93	-0.86	13.50	8.86

Calendar year performance (%)

	2018	2017	2016	2015	2014
Fund	0.59	1.82	10.11	0.57	13.89
Benchmark ²	0.57	1.83	10.10	0.57	13.86

10 year UK government bond yield (%)

The chart shows the movement in 10 year gilt yields



Source: Bloomberg

Fund risk analysis	1 year	3 years	5 years
Annualised Standard Deviation of Fund	5.61	6.09	6.83
Annualised Standard Deviation of Benchmark	5.62	6.10	6.83
Tracking Error, ex post (%)	0.04	0.05	0.06
Information Ratio	-0.09	-0.18	0.10

For periods greater than 1 year, the annualised standard deviation is based on monthly logarithmic returns. Information ratio is the arithmetic value added divided by the tracking error. For periods greater than 1 year, annualised returns are used to calculate the value added and the tracking error. Please note that historical tracking error is not a guide to the future. Tracking error levels will vary according to market conditions and our views.

Top ten holdings (%)	Weight (%)
UK Treasury 4.25% 2032	3.4
UK Treasury 4.75% 2030	3.3
UK Treasury 4.25% 2055	3.2
UK Treasury 4.5% 2034	3.2
UK Treasury 4.5% 2042	3.1
UK Treasury 4.00% 2022	3.0
UK Treasury 4.00% 2060	3.0
UK Treasury 4.75% 2038	2.9
UK Treasury 4.25% 2036	2.9
UK Treasury 5.00% 2025	2.8

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 Benchmark return sourced from RIMES.

Economic overview

Prime Minister Theresa May's time at 10 Downing Street came to a close as she announced her intention to resign after talks with the opposition Labour party broke down. This meant no viable path remained for her Brexit deal with the EU to be approved by parliament, and paves the way for a new Conservative party leader to be elected over the summer months. Sterling fell as these events made a no-deal Brexit appear more likely.

While the Bank of England kept interest rates steady at 0.75% over the quarter, policymakers reduced expectations for economic growth for the remainder of 2019 and into 2020 amid Brexit uncertainty.

The pace of interest rate increases seems likely to be increasingly gradual as a result.

GDP growth of 0.5% over the first quarter was a positive surprise, driven by strong manufacturing activity. Inflation remained subdued with core inflation for May dropping to the lowest level since early 2017.

Fund manager comment

The All Stock Gilt index returned 1.31% in sterling terms over the quarter. In yield terms, 2 year nominal yields fell by 0.06% to 0.60% and 10 year nominal yields fell by 0.23% to 0.81%. The modified duration of the index is 11.80 years.

The Bank of England's Monetary Policy Committee maintained the policy rate on 0.75%.

The UK Debt Management Office held seven nominal bond auctions during the quarter across a range of maturities.

Activity in the Fund reflected these changes.

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