

# UBS (HK) Fund Series – US Growth and Income (USD)

**Important information:**

- The Fund invests primarily in US equities and US debt securities.
- The Fund may invest up to 70% of its net asset value in equity securities of companies that are listed, or have their registered offices, or that generate a predominant share of their sales and/or profits, in US. The equities securities held by the Fund may include equities, listed real estate investment trusts, equity rights and warrants as well as shares, other equity shares and dividend right certificates acquired through the exercise of conversion rights (including via convertible bonds and exchangeable bonds), subscription rights or warrants, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants.
- The Fund may also invest up to 70% of its net asset value in debt securities issued or guaranteed by bodies in, registered in, or with significant operations in US including but not limited to government and non-government bonds (including bonds issued by local authorities, supra-nationals, agencies and corporate entities); fixed rate, variable rate (including floating rate), inflation linked, convertible, secured, and unsecured, debt securities.
- The Fund's investments may be subject to risks associated with active asset allocation, concentration, equity market, investment in equities, equity rights, warrants, convertible and exchangeable bonds and REITs, debt securities (such as credit/counterparty risk, interest rate risk, volatility and liquidity risk, risk associated with debt securities rated below investment grade and/or unrated, downgrading risk, sovereign debt risk, valuation risk and credit rating risk), currency, exchange rate and currency hedging.
- The Fund's investments are concentrated in the US market. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments, and more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the US market.
- The Fund may gain exposure by investing in ETFs and will be subject to the risks associated with the underlying ETFs such as passive investment risk, tracking error risks, underlying index related risks, counterparty risks, trading risks, trading difference risks and termination risk. The performance of the underlying ETFs will result in a corresponding impact on the Fund.
- The Fund may also gain exposure by investing in other collective investment schemes and will be subject to the risks associated with the underlying schemes. The Fund does not have control of the investments of the underlying schemes and there is no assurance that the investment objective and strategy of the underlying schemes will be successfully achieved, which may have a negative impact on the net asset value of the Fund.
- The Fund may invest in debt instruments with loss-absorption features. Such instruments are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger event(s) which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.
- The Fund may use financial derivative instruments for hedging and investment purposes. The Fund's net derivative exposure may be up to 50% of the Fund's net asset value. The use of financial derivative instruments may involve additional risks, e.g. counterparty/ credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk.
- In respect of unit classes with "-mdist" in their name, dividends may be paid from capital or effectively out of capital of the Fund, at the discretion of the manager, which amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such dividends may result in an immediate decrease of the net asset value per unit. The distribution amount and net asset value of the hedged unit classes may be adversely affected by differences in the interest rates of the reference currency of the hedged unit classes and the Fund's base currency, resulting an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged unit classes. The fixed rate distribution unit classes (i.e. unit classes with "8%-mdist" in their names) continue to distribute in periods that the Fund has negative returns or is making losses, which further reduces the net asset value of the Fund.
- This investment may involve risks that could result in loss of part or entire amount of investors' investment.
- Investors should not invest in the Fund solely based on this document and should read the relevant offering documents for further details including risk factors.
- Investors are responsible for their investment decisions and should seek independent financial and professional advice if required.

# Why US?

# 1

## Stock market have performed strongly during US election years

US election is scheduled to be held on 5 November 2024. Historically, US equities performed strongly in election years, returning positively in around 85% of the time.

US equities returned **positively in 20** out of the past 24 (**83%**) election years.

Election Year	S&P 500
1928	<b>+37.9%</b>
1932	<b>-14.8%</b>
1936	<b>+33.7%</b>
1940	<b>-9.6%</b>
1944	<b>+19.5%</b>
1948	<b>+5.4%</b>
1952	<b>+18.2%</b>
1956	<b>+6.5%</b>
1960	<b>+0.5%</b>
1964	<b>+16.4%</b>
1968	<b>+11.0%</b>
1972	<b>+19.0%</b>
1976	<b>+23.9%</b>
1980	<b>+32.5%</b>
1984	<b>+6.3%</b>
1988	<b>+16.6%</b>
1992	<b>+7.6%</b>
1996	<b>+22.9%</b>
2000	<b>-9.1%</b>
2004	<b>+10.9%</b>
2008	<b>-37.0%</b>
2012	<b>+16.0%</b>
2016	<b>+12.0%</b>
2020	<b>+18.4%</b>
<b>Average</b>	<b>13.1% ✓</b>

Excluding the returns of the 2008 global financial crisis

Source: UBS Asset Management, Bloomberg, data as of the end of November 2023. Charts and scenarios are for illustrative purposes only. Past performance figures shown are not indicative of future performance.

# 2

## Diversification is key to capture the capital gains of different US assets

Since 2013, US growth stocks have delivered positive returns in 9 out of the 11-year period. In which, 7 of them have outperformed US value stocks, US investment grade bonds, and US high yield bonds.

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
U.S. Growth Stocks +33.5	U.S. Growth Stocks +13.1	U.S. Growth Stocks +5.7	U.S. High Yield Bonds +17.5	U.S. Growth Stocks +30.2	U.S. Investment Grade Bonds -0.2	U.S. Growth Stocks +36.4	U.S. Growth Stocks +38.5	U.S. Growth Stocks +27.6	U.S. Value Stocks -7.6	U.S. Growth Stocks +42.7
U.S. Value Stocks +32.6	U.S. Value Stocks +13.5	U.S. Investment Grade Bonds +1.1	U.S. Value Stocks +17.3	U.S. Value Stocks +13.6	U.S. Growth Stocks -1.5	U.S. Value Stocks +26.5	U.S. Investment Grade Bonds +7.5	U.S. Value Stocks +25.1	U.S. Investment Grade Bonds -9.4	U.S. High Yield Bonds +13.4
U.S. High Yield Bonds +7.4	U.S. Investment Grade Bonds +4.4	U.S. Value Stocks -3.8	U.S. Growth Stocks +7.1	U.S. High Yield Bonds +7.5	U.S. High Yield Bonds -2.3	U.S. High Yield Bonds +14.4	U.S. High Yield Bonds +6.2	U.S. High Yield Bonds +5.4	U.S. High Yield Bonds -11.2	U.S. Value Stocks +11.4
U.S. Investment Grade Bonds +0.1	U.S. High Yield Bonds +2.5	U.S. High Yield Bonds -4.6	U.S. Investment Grade Bonds +4.4	U.S. Investment Grade Bonds +3.9	U.S. Value Stocks -8.3	U.S. Investment Grade Bonds +10.1	U.S. Value Stocks +2.8	U.S. Investment Grade Bonds -1.0	U.S. Growth Stocks -29.1	U.S. Investment Grade Bonds +7.3

Source: Bloomberg, data as of 31 December 2023. Past performance figures shown are not indicative of future performance.

U.S. Growth Stocks: Russell 1000 Growth Index

U.S. Value Stocks: Russell 1000 Value Index

U.S. Investment Grade Bonds: Barclays US Intermediate Corporate Bond Index

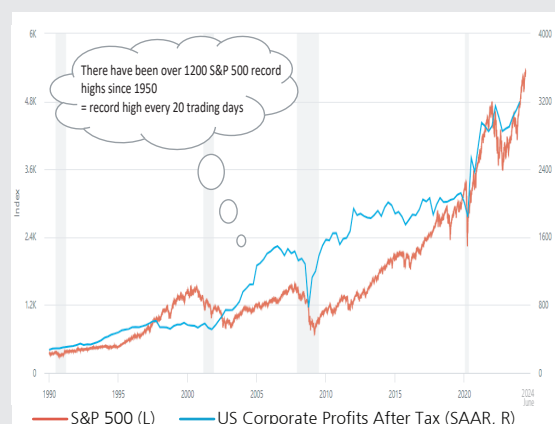
U.S. High Yield Bonds: ICE BofA US High Yield Index

# 3

## U.S. Equities are supported by corporate earnings and record highs are frequent

There have been over 1200 S&P 500 record highs since 1950. This translates to, on average, more than 1 record high every 20 trading days. The chart below shows the positive correlation between U.S. corporate earnings and the equities market. As of May 2024, over 70% of U.S. companies have beaten earnings forecasts in 1Q24, which should support further upsides in U.S. stocks.

Historic data shows that, in the past 60 years, the 12, 24 and 36 month average returns post each record high are **12%**, **23%** and **39%** respectively



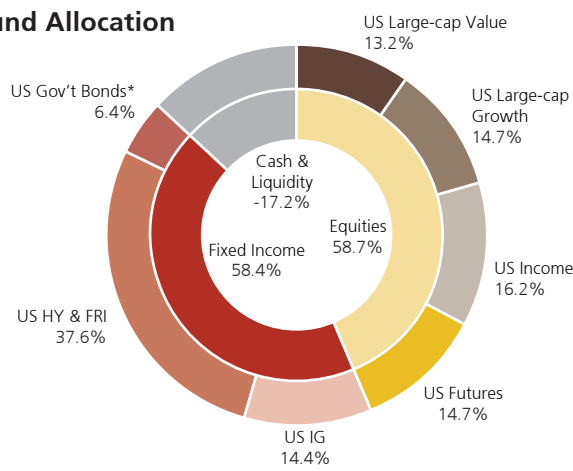
Source: UBS Asset Management, MacroMicro, as of 6 June 2024.

SAAR = Seasonally Adjusted Annual Rate

LHS = Left Hand Side, RHS = Right Hand Side

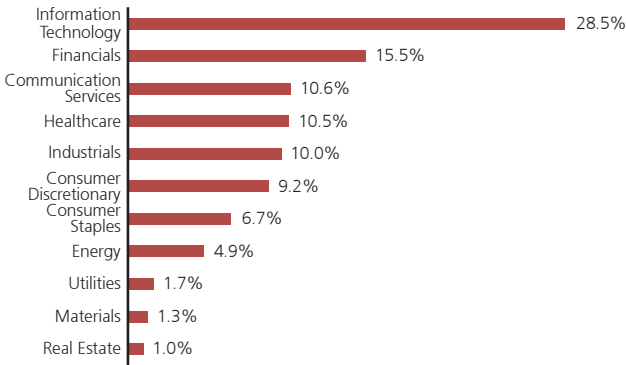
# Fund overview

## Fund Allocation

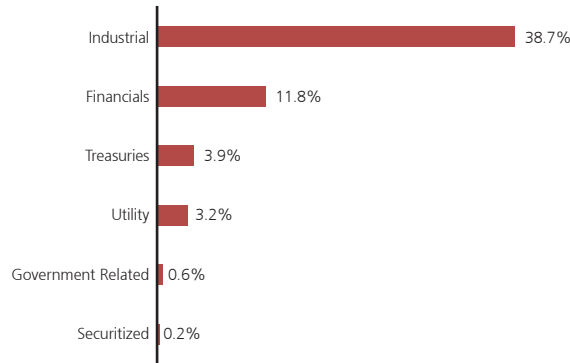


\* Gov't bonds includes Treasury futures and Treasury bond ETF  
Source: UBS Asset Management, data as of 31 May 2024  
Note: The portfolio is actively managed, thus the allocations and positionings can be changed any time at UBS's / the portfolio manager's sole discretion.  
Cash includes synthetic cash.

## Equity Sector Allocation

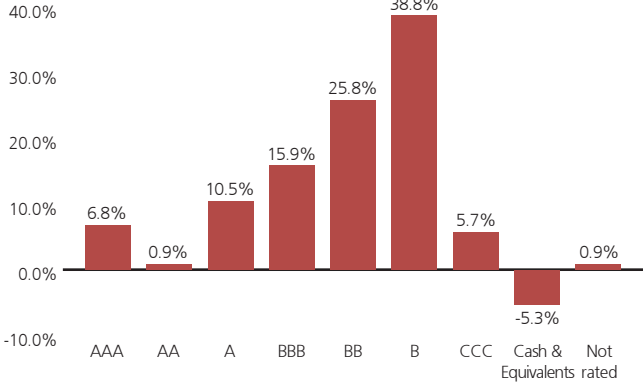


## Fixed Income Sector Allocation



Source: UBS Asset Management, data as of 31 May 2024  
Note: The portfolio is actively managed, thus the allocations and positionings can be changed any time at UBS's / the portfolio manager's sole discretion.  
Cash includes synthetic cash.

## Credit Rating



Top 5 equity positions <sup>1</sup>	Fund (%)
Microsoft Corp	2.1
Apple Inc	1.9
NVIDIA Corp	1.7
Alphabet Inc	1.5
Amazon.com Inc	1.2

Source: UBS Asset Management, data as of 31 May 2024.  
1 This is not a recommendation to buy or sell any security

Top 5 bond issuers <sup>2</sup>	Fund (%)
NIDDA HEALTHCARE HOLDING 7.5% 08/21/2026	0.6
CARNIVAL HLDGS BM LTD 10.375% 05/01/2028	0.4
GOLDEN GOOSE SPA/MILANO 8.703% 05/14/2027	0.4
BANCOLOMBIA SA 4.625% 12/18/2029	0.3
FORD MOTOR CREDIT CO LLC 8.30113% 03/06/2026	0.3

Source: UBS Asset Management, data as of 31 May 2024.  
2 This is not a recommendation to buy or sell any security

Fund information	
Fund name	UBS (HK) Fund Series - US Growth and Income (USD)
Fund inception date	31 Jan 2023
Base currency	USD
Management fee (p.a.)	1.45% (hedged share class: 1.50%)
Distribution frequency	A-acc: reinvestment; A-8%-mdist <sup>3,4</sup> , A-mdist <sup>3,4</sup> : expected monthly

Available share classes	ISIN	Distribution yield
Class A USD-8%-mdist <sup>3,4</sup>	HK0000891611	8.0%
Class A USD-mdist <sup>3,4</sup>	HK0000891603	6.0%
Class A USD-acc	HK0000891595	Distribution reinvested
Class A HKD-8%-mdist <sup>3,4</sup>	HK0000891637	8.0%
Class A HKD-mdist <sup>3,4</sup>	HK0000891629	6.0%
Class A RMB hedged-8%-mdist <sup>3,4</sup>	HK0000891652	8.0%
Class A RMB hedged-mdist <sup>3,4</sup>	HK0000891645	5.2%
Class A AUD hedged-8%-mdist <sup>3,4</sup>	HK0000891660	8.0%
Class A JPY hedged-8%-mdist <sup>3,4</sup>	HK0001000147	8.0%

Source: UBS Asset Management, 31 May 2024.

3 The share classes with “-mdist” aim to pay dividends on a monthly basis. **Dividend is not guaranteed. Dividend may be paid out of capital.** Share classes with “-mdist” in their name may also make distributions out of capital and realized capital gains, at the discretion of the Management Company, or pay distributions out of gross income while charging/paying all or part of the fund’s fees and expenses to/out of the capital of the relevant fund, resulting in an increase in distributable income for the payment of distributions by the fund and therefore, the fund may effectively pay distributions out of capital. Any distributions involving payment of dividends out of the fund’s capital or payment of dividends effectively out of the fund’s capital (as the case may be) may result in an immediate reduction of the next asset value per share/unit.

4 A positive distribution yield does not imply a positive return. Distribution yield = (Dividend per unit on last record date x 12/Previous month-end NAV) x 100. The distribution yields shown here are for reference only. These share classes continue to distribute in periods that the Fund has negative return/s making losses which further reduces the NAV of the Fund. In extreme circumstances, investors may not be able to get back the original investment amount. Constant distributing share classes must not be seen as alternative to savings account or fixed-interest paying investment.

Follow us on WeChat and LinkedIn for more insights



WeChat



LinkedIn

Visit [www.ubs.com/am-hk](http://www.ubs.com/am-hk)

Investment involves risks, and past performance figures shown are not indicative of future performance. The value of the funds and income from them can go up as well as down and consequently you may not get back the amount originally invested. Investors please refer to the offering document for further details including the risk factors.

The investment returns of some of our range of funds are denominated in currency other than USD/HKD. US/HK Dollar-based investors are therefore exposed to fluctuations in the US/HK dollar/foreign currency exchange rate.

Units of UBS funds mentioned in this publication may not be offered, sold or delivered in the USA. The document has not been reviewed by the Securities and Futures Commission in Hong Kong. The document is issued by UBS Asset Management (Hong Kong) Limited. 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.

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

© Copyright UBS 2024. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.