For marketing purposes
Spain edition
Data as at end-February 2024

UBS US Income Sustainable Equity Fund USD (CHF hedged) P-dist
Fund Fact Sheet

UBS Equity Funds > UBS Country & Regional Funds > North America

Fund description

- This actively managed, defensive equity fund invests in companies from the US that are expected to offer a high yield from share buybacks and dividends.
- The fund focuses on quality factors to exclude low quality stocks, including the company's ability to pay stable or growing dividends.

Please see additional information on the following page.

For further information, please see the Key Investor Information Document (KIID) available at: www.ubs.com/espanafondos.

Name of fund	**UBS (Lux) Equity SICAV - US Income Sustainable (USD)**
Share class	UBS (Lux) Equity SICAV - US Income Sustainable (USD) (CHF hedged) P-dist
ISIN	LU1149725175
Bloomberg	UBUSPCI LX
Currency of fund / share class	USD/CHF
Launch date	04.03.2015
Issue/redemption	daily
Swing pricing	yes
Accounting year end	31 May
Benchmark	MSCI USA (net. div. reinv.) (hedged CHF)
Indicative current equity yield[1]	11.20%
Distribution	August
Last distribution 04.08.2023	CHF 6.59
Management fee p.a.	1.32%
Entry charge (max.)	5.00%
Exit charge (max.)	0.00%
Conversion fee (max.)	5.00%
Performance fee	none
Flat fee p.a.	1.65%
Name of the Management Company	UBS Fund Management (Luxembourg) S.A., Luxembourg
Fund domicile	Luxembourg
SFDR Classification	Art.8

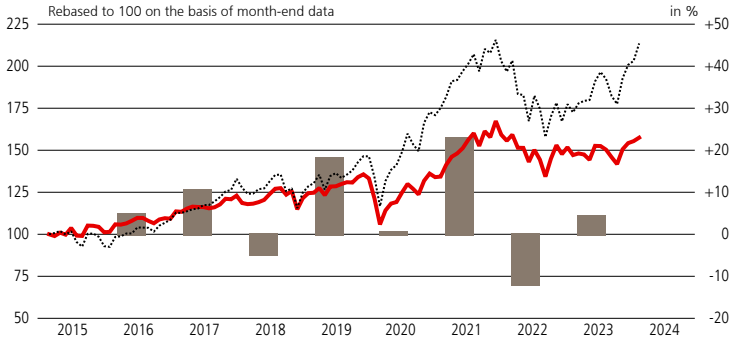
1 This figure is indicative and gross of flat fee. The indicative current equity yield is the sum of two yield sources: 1) dividends paid by the companies the Fund currently holds. 2) premiums received from selling call options on the stocks held in the Fund. The dividend yield portion is based on the dividends of the previous year paid by the companies held in the Fund (irrespective of whether the stock was held at the date the dividend was paid). The portion of yield derived from option premiums is based on the annualized sum of option premiums collected over the past 12 months. The final equity yield can deviate significantly from the indicative current equity yield due to changes in company earnings, dividends, stock prices, option premiums etc. The equity yield (yield from the income sources) should not be confused with the overall fund performance that may be subject to fluctuations in value (equity market risk). In distributing share classes, the equity yield, net of fund fees, will be distributed.

Lower risk — Higher risk
Typically lower rewards — Typically higher rewards

1	2	3	4	5	**6**	7

A category 1 rating should not be construed as indicating that the investment is free of any risk.

Performance (basis CHF, net of fees)[1]



Fund performance net of fees (left-hand scale)
Fund performance per year in % net of fees (right-hand scale)
Index performance (left-hand scale)

Past performance is not a reliable indicator of future results.

in %	1 year	3 years	5 years	Ø p.a. 3 years	Ø p.a. 5 years
Fund (CHF)	7.05	17.25	26.54	5.45	4.82
Ref. Index[2]	23.76	21.92	66.15	6.83	10.69

The performance shown does not take account of any commissions, entry or exit charges.

1 These figures refer to the past. **If the currency of a financial product, financial service or its costs is different from your reference currency, the return and/or costs can increase or decrease as a result of currency fluctuations.** Source for all data and chart (if not indicated otherwise): UBS Asset Management.
2 Reference Index in currency of share class (without costs)

The fund has been repositioned with effect of 29.11.2021. The name changed on 29.11.2021 from UBS (Lux) Equity SICAV - US Income (USD) to UBS (Lux) Equity SICAV - US Income Sustainable (USD).

Fund statistics

Net asset value (CHF, 29.02.2024)	83.19
Last 12 months (CHF) – high	88.69
– low	73.75
Total fund assets (CHF m)	1 171.51
Share class assets (CHF m)	29.45

	3 years	5 years
Beta	0.71	0.73
Volatility[1]		
– Fund	13.73%	14.55%
– Benchmark	17.94%	18.72%
Sharpe ratio	0.38	0.34
Risk free rate	0.29%	-0.10%

1 Annualised standard deviation

For more information

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Internet: www.ubs.com/espanafondos
Contact your client advisor

Portfolio management representatives

Jeremy Raccio
Ian Paczek
Uwe Röhrig

Before making any investment decisions, we recommend that you read the Key Investor Information Document (KIID) and Prospectus, which are available at: www.ubs.com/espanafondos.

UBS US Income Sustainable Equity Fund USD (CHF hedged) P-dist

Sector exposure (%)

	Fund
Information Technology	20.6
Financials	16.1
Industrials	15.0
Health Care	14.7
Communication Services	11.0
Consumer Staples	9.9
Consumer Discretionary	6.3
Energy	5.9
Materials	0.5
Others	-0.0

10 largest equity positions (%)[1]

	Fund
General Electric Co	3.3
Hartford Financial Services Group Inc/The	3.3
Home Depot Inc/The	3.3
Visa Inc	3.1
Cognizant Technology Solutions Corp	3.1
Chevron Corp	3.0
NetApp Inc	3.0
Cardinal Health Inc	3.0
General Mills Inc	3.0
HCA Healthcare Inc	2.9

1 This is not a recommendation to buy or sell any security

Market exposure (%)

	Fund
United States	99.99
Others	0.01

Benefits

Easy access to a high quality, defensive US equity portfolio which aims to provide some downside cushion during market corrections.
Strong income component generated from share buybacks, dividends and call option premiums.
Investors can profit from a portfolio that seeks optimal diversification - low single stock weights and broad sector allocations.
Experienced investment team with a solid track record in running both US equity and equity yield strategies.

Additional information

- The fund aims to generate additional income through call overwriting.
- The strategy is based on a quantitative model.
- UBS Asset Management classifies this fund as a Sustainability Focus Fund, which promotes environmental and social characteristics in accordance with SFDR Article 8. The research and portfolio construction processes incorporate ESG risk integration and screening and comply with UBS Asset Management Sustainability exclusion policy. For more information on Sustainability at UBS, please refer to www.ubs.com/am-si-commitment.
- The portfolio manager is not tied to the benchmark in terms of investment selection or weight.
- The exchange rate risk between USD and CHF is largely hedged.
- The distributing (-dist) share classes of this sub-fund intend to distribute capital (premiums from writing call options and the share buyback yield) as well as income (e.g. from dividends). See risk section below.

Risks

UBS Equity Funds invest in equities and may therefore be subject to high fluctuations in value. As these UBS funds pursue an active management style, each fund's performance can deviate substantially from that of its reference index. All investments are subject to market fluctuations. Every fund has specific risks, which can significantly increase under unusual market conditions. The fund can use derivatives, which may result in additional risks (particularly counterparty risk). In distributing share classes, the equity yield, net of fund fees, will be distributed. The distributing (-dist) share classes of this fund intend to distribute capital as well as income (e.g. from dividends). Investors in some jurisdictions may incur a higher rate of tax on distributed capital than on any capital gains which are realized on disposal of fund shares. Some investors may therefore choose to invest in the accumulating (-acc) instead of the distributing (-dist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared to distributing (-dist) share classes. Investors should seek their own tax advice.

Please note that additional fees (e.g. entry or exit fees) may be charged. Please refer to your financial adviser for more details. Investors should read the Key Information Document, Prospectus and any applicable local offering document prior to investing and to get complete information of the risks. Investors are acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company. For a definition of financial terms refer to the glossary available at www.ubs.com/am-glossary.

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UBS US Income Sustainable Equity Fund USD

ESG Report

ESG is an abbreviation for Environmental, Social and Governance (factors). These factors are used to evaluate companies and countries on how advanced they are with respect to sustainability. Once sufficient data on these factors are available, they can be used to assess and compare assets and also to inform the investment process when deciding what assets to buy, hold or sell.

ESG Performance

The fund seeks to select companies that focus on environmental, social, and/or governance topics. The following illustrations show the fund's performance against sustainability criteria that are either explicitly part of the fund's ESG objectives or are included in the investment process.

UBS AM sustainability approaches applied

☑ Exclusion	☑ ESG Integration	☑ SI Focus
☐ Impact	☑ Voting	☑ Engagement program

Source: UBS Asset Management

ESG details of the top 10 equity positions

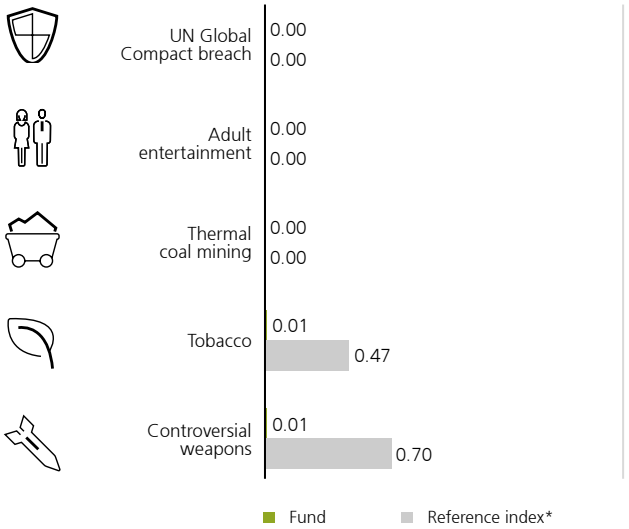
(in % of fund AuM)[1,2]

Holding (equities)	Weight	ESG Score
General Electric Co	3.3	6.3
Hartford Financial Services Group Inc/The	3.3	7.6
Home Depot Inc/The	3.3	7.2
Visa Inc	3.1	7.0
Cognizant Technology Solutions Corp	3.1	6.6
Chevron Corp	3.0	6.0
NetApp Inc	3.0	6.8
Cardinal Health Inc	3.0	8.1
General Mills Inc	3.0	8.1
HCA Healthcare Inc	2.9	6.0

1 This is not a recommendation to buy or sell any security
2 AuM = Assets under Management
Source: UBS AG

Controversy check

(in % of fund AuM)[1,2]



1 The fund excludes issuers identified as violating the UN Global Compact principles without credible corrective action
2 AuM = Assets under Management

Source: MSCI ESG Research
Reference Index: MSCI USA (net. div. reinv.)

UBS US Income Sustainable Equity Fund USD

ESG Report

ESG Transparency

This page provides transparency on key sustainability metrics that may be of interest to investors but are not part of the fund's investment process. The following metrics inform investors more broadly on their exposure to selected ESG topics.

MSCI ESG scores, scaled
(holding-weighted average 0-10)

	Fund	Reference index
	7.5	6.6
Environmental	7.6	6.8
Social	5.4	5.1
Governance	6.1	5.5

Fund actual data coverage: 77%
Reference index actual data coverage: 100%

Source: MSCI ESG Research
Reference Index: MSCI USA (net. div. reinv.)

External fund ratings [1]

MSCI ESG RATINGS — AA

CCC | B | BB | BBB | A | AA | AAA

1 As of 30.04.2023

Source: MSCI ESG Research, Morningstar

Morningstar Sustainability Rating™

As of 31.10.2023

Weighted average carbon intensity, scaled - Corporate issuers
(tCO_2 equivalent per USD million sales)[1]

Fund	Reference index
36.1	92.0

Fund actual data coverage: 100%
Reference index actual data coverage: 100%

1 The fund maintains a lower weighted average carbon intensity (WACI) than the reference index

Source: MSCI ESG Research
Reference Index: MSCI USA (net. div. reinv.)

Carbon footprint, scaled - Corporate issuers
(tCO_2 equivalent per USD million invested)

Fund	Reference index
21.6	31.4

Fund actual data coverage: 96%
Reference index actual data coverage: 100%

Source: MSCI ESG Research
Reference Index: MSCI USA (net. div. reinv.)

Glossary

Carbon Footprint: Expresses the greenhouse gas footprint of an investment sum. The carbon emissions scope 1 and 2 are allocated to investors based on an enterprise value (with inclusion of cash) ownership approach and normalized by the current fund value. The Carbon Footprint is a normalized measure of a fund's contribution to climate change that enables comparison with a benchmark, between funds and between individual investments. Metric is Total Carbon Emissions expressed as per currency invested.
The metric is scaled up to 100% if actual data coverage is above the defined thresholds - Fixed Income: 50%; Equities: 66%, Multi-Asset: 50%. Otherwise, the metric is reported as -.
Classification system to separate corporate and sovereign issuers: Bloomberg Barclays Methodology. Securitized bonds excluded from the calculation. "No exposure" in case the fund is not invested in the respective issuers for the month.

Controversy check: Controversial Business Involvement exposure is the exposure to companies with a revenue share exceeding a certain threshold of the respective field (production). Link to our exclusion policy for more details: -> www.ubs.com/si-exclusion-policy

ESG Score (UBS ESG Consensus Score): The UBS ESG Consensus Score is based on UBS-internal and independent external ESG data sources. The UBS ESG Consensus Score is industry-adjusted and is measured on a scale from 0 (lowest/worst score) to 10 (highest/best score).
The metric is scaled up to 100% if actual data coverage is above the defined thresholds- Fixed Income: 50%; Equities: 66%, Multi-Asset: 50%. Otherwise, the metric is reported as -.
Classification system to separate corporate and sovereign issuers: Bloomberg Barclays Methodology. Securitized bonds excluded from the calculation. "No exposure" in case the fund is not invested in the respective issuers for the month.

MSCI ESG scores are provided by MSCI ESG Research and are measured on a scale from 0 (lowest/worst score) to 10 (highest/best score). The score is based on the underlying company's exposure to industry specific ESG risks and their ability to mitigate those risks relative to their peers. ESG scores are also shown a breakdown of the E, S and G scores, in reference to the different components that are considered for the Environmental, Social and Government pillars. The components are also rated on a scale of 0-10. Based on the individual E, S and G values, a weighted average can be calculated. This is dynamic and takes into account the direct changes of all underlying results, which affect the individual E, S and G values. The ESG Score measures the most financially significant environmental, social and governance risks and opportunities of companies. In addition, sectoral differences are taken into account through key industry specific ESG issues. This makes the ESG score a rather static measure, as the relative valuation of a sector remains constant over a longer period of time.
The metric is scaled up to 100% if actual data coverage is

above the defined thresholds - Fixed Income: 50%; Equities: 66%, Multi-Asset: 50%. Otherwise, the metric is reported as -.

UBS AM sustainability approaches applied:
Exclusion: Strategies that exclude securities from funds where they are not aligned to an investor`s values. Includes customized screening criteria.
ESG Integration: Strategies that integrate environmental, social and governance (ESG) factors into fundamental financial analysis to improve risk/return profile.
SI Focus: Strategies where sustainability is an explicit part of the investment guidelines, universe, selection and/or investment process
Impact: Strategies where the intention is to generate measurable environmental and/or social benefits ("impact") alongside the financial return.
Voting: The Voting flag is a principle-based product level classification (top down) and is based on the overall applicability of the UBS AM Policies. UBS will actively exercise voting rights based on the principles outlined in the UBS Asset Management Proxy Voting policy and UBS Asset Management Stewardship policy, with two fundamental objectives: 1. To act in the best financial interests of our clients to enhance the long-term value of their investments. 2. To promote best practice in the boardroom and encourage strong sustainability practices. This is not an indication that voting on sustainability related topics has taken place with respect to companies held by a sub-fund during any given time period. For information about voting activities with specific companies (bottom-up transparency) please refer to the UBS Asset Management Stewardship Annual Report. Information shown in this report might also deviate from other reports which might only focus on, for example, climate related activities.
https://www.ubs.com/global/en/assetmanagement/capabilities/sustainable-investing/stewardship-engagement.html
Engagement program: The engagement program applies to UBS funds and aims to prioritize/select companies where UBS Asset Management has identified concerns or thematic topics on particular ESG factors. These companies are selected from across the universe of companies in which UBS Asset Management invests using a top-down approach in accordance with our principles, as outlined in the Global Stewardship Policy. The prioritization process will determine if and when engagement with a company is required. If a company is selected for the engagement program, the engagement dialog will be conducted for a minimum period of two years.
This is not an indication that sustainability related engagement has taken place with respect to companies in this portfolio during any given time period or that the companies in this portfolio were chosen with the goal to actively engage (bottom-up transparency). Information on UBS Asset Management's selection of companies, engagement activities, prioritization process and understanding of concerns can be found in the UBS Asset Management Stewardship Annual Report and Stewardship Policy. Information shown in this report might also deviate from other reports which might only focus on, for example, climate related activities.
https://www.ubs.com/global/en/assetmanagement/capabilities/sustainable-investing/stewardship-engagement.html

Aggregation of ESG/Carbon data: ESG scores of holdings in the portfolio and the reference index are aggregated based on their respective individual weights and ESG scores (sum product).

Use of derivatives / fund of fund investments: Derivatives and fund of fund investments used in the portfolio are treated on a lookthrough basis, whereby the economic exposures to the underlying basket of securities is treated as an actual investment in the individual securities that make up this basket. This might in the case of broad market derivatives or fund of fund investments lead to minimal exposures to securities that are excluded from direct investments.
Derivatives have an effect on all metric calculations and as many of the reporting frameworks available to investors today do not cover the intricacies of derivatives, metrics are provided on a reasonable efforts basis.
Portfolios for which we report the sustainability metrics may include cash.
The information disclosed in this report, in particular treatment of derivatives and cash, may or may not correspond with investment characteristics of the fund and how the fund is managed. Therefore, sustainability metrics in this report may differ from other UBS reports produced on the same date.

MSCI ESG Fund Ratings**are designed to measure the Environmental, Social and Governance (ESG) characteristics of a fund's underlying holdings, making it possible to rank or screen mutual funds and ETFs on a AAA to CCC ratings scale. MSCI leverage MSCI ESG Ratings for over 10,500 companies (19,500 total issuers including subsidiaries) and more than 760,000 equity and fixed-income securities globally to create ESG scores and metrics for approximately 56,000 multi-asset class Mutual funds and ETFs globally (as of January 17, 2022).
**MSCI ESG Research LLC's ("MSCI ESG") fund metrics and ratings (the "Information") provide environmental, social and governance data with respect to underlying securities within more than 56,000 multi-asset class Mutual funds and ETFs globally (as of January 17, 2022). MSCI ESG is a Registered Investment Adviser under the Investment Advisers Act of 1940. MSCI ESG materials have not been submitted to, nor received approval from, the US SEC or any other regulatory body. None of the Information constitutes an offer to buy or sell, or a promotion or recommendation of any security, financial instrument or product or trading strategy, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information.

Weighted Average Carbon Intensity – Corporate issuers/ Carbon Intensity- Sovereign issuers:
These metrics measure a fund's exposure to carbon-intensive companies and governments. These metrics provide insight into potential risks related to the transition to a lower-carbon economy because companies with higher carbon intensity are likely to face more exposure to carbon related market and regulatory risks. These metrics are applicable across asset classes.
It's the sum product of the fund weights and individual carbon intensities (carbon emissions scope 1+2 / USDm sales or GDP).
The metric is scaled up to 100% if actual data coverage is above the defined thresholds - Fixed Income: 50%; Equities: 66%, Multi-Asset: 50%. Otherwise, the metric is reported as -.
Classification system to separate corporate and sovereign issuers: Bloomberg Barclays Methodology. Securitized bonds

excluded from the calculation. "No exposure" in case the fund is not invested in the respective issuers for the month.

Active ESG: Benchmark selection is driven by portfolio implementation considerations, in particular to closely reflect the financial objectives of the fund. For actively managed strategies, generally a traditional benchmark is selected to provide a broad investment universe to which active management is applied. This enables an assessment of the magnitude of ESG improvements against the traditional benchmark, and allows the costs and benefits of investing sustainably to be assessed.

Important information about sustainable investing strategies
Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and fund construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or sustainable investing considerations may inhibit UBS's ability to participate in or to advise on certain investment opportunities that otherwise would be consistent with the Client's investment objectives. The returns on a fund consisting primarily of sustainable investments may be lower or higher than funds where ESG factors, exclusions, or other sustainability issues are not considered by UBS, and the investment instruments available to such funds may differ. Companies, product issuers and/or manufacturers may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues.

Reconciliation of Assets under Management (AuM)
This report does not contain reconciled AuM positions, it only takes in consideration positions with settlement date as of report date. This means that traded but not settled positions are not included. Therefore, AuM figures in this report may differ from other UBS reports produced on the same date.

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UBS US Income Sustainable Equity Fund USD (CHF hedged) P-dist

UBS AM Standard Glossary – for additional investment terms, please refer to the online glossary here.

Alpha: A fund's alpha is its outperformance relative to a benchmark. If a fund has a consistently high alpha this can indicate skilful management. If the benchmark returns 12% and the portfolio returns 14%, the outperformance (alpha) is equal to 14% - 12% = 2%. Compare with beta.
Accumulation: Reinvestment of the income generated by the investment fund into the fund`s assets.
Active management: Here the fund manager uses their expertise to pick investments to achieve the fund's objectives
Benchmark: Index against which an investment fund's performance is measured. Also called a reference index.
Beta: A measure of risk which indicates the sensitivity of an investment, to fluctuations in the market, as represented by the relevant benchmark. For example, a beta of 1.2 tells us that the value of an investment fund can be expected to change by 12% if the market is forecast to move by 10%.
Bonds: Debt instruments with a fixed or variable rate of interest and generally with a fixed maturity and redemption date. The most common issuers are major companies, government bodies such as the federal government and the cantons, public institutions, and international organisations such as the World Bank or the International Monetary Fund.
Commodities: A tradeable item that can be further processed and sold. Industrial (metals), agricultural (wool, wheat, sugar) and bulk commodities (coal, iron ore) are examples. It is possible to invest in physical commodities or in derivatives based on commodity prices.
Convertible bonds: Bonds which feature a conversion right entitling the holder to convert the bond into shares of the company in question at a certain point in time and at a conversion ratio set in advance.
Corporate bonds: Strictly speaking, corporate bonds are those issued by companies. Generally, however, the term is used to cover all bonds other than those issued by governments in their own currencies. Therefore the 'credit' sector, as it is often known, includes issues by companies, supranational organisations and government agencies. The key feature that distinguishes corporate bonds from government bonds is the risk of default – see credit risk.
Correlation: A measure of the degree to which the price trends of various investment categories or instruments move in the same direction.
Derivatives: Investments whose value is linked to another investment, or to the performance of a stock exchange or to some other variable factor, such as interest rates.
Distribution: Payment of an investment fund to distribute the income generated to its unit holders.
Diversification: Holding a variety of investments that typically perform differently from one another.
Duration: The duration represents the length of time for which capital is "tied up" in a bond investment. The concept of duration takes account of the time structure of returning cash flows (such as coupon repayments). The average duration of the portfolio is derived from the weighted average duration of the individual securities. The "modified duration" is derived from the duration and provides a measure of the sensitivity of bonds or bond portfolios to interest-rate changes.
Emerging economy or market: Emerging markets or developing markets - mainly in Asia, Eastern Europe, and Latin America - that are growing quickly, but whose economies and stock markets have not yet reached Western standards.
Equities: Securities which evidence an equity interest in a company. As a joint owner, the shareholder has rights of participation (voting right, right to information) and rights to assets (right to a share of profits, subscription rights).
Exchange traded fund (ETF): An investment fund that is traded like stocks on an exchange. Most ETFs are index funds: they hold the same securities in the same proportions as a certain index.
Feeder Fund: An investment fund that invests the majority of its assets into a master fund
Hedging: Protecting investments against losses. UBS Asset Allocation funds and hedged UBS ETFs specifically hedge against exchange-rate risks.
High watermark: The high watermark is used in connection with the performance fee. The fund manager calculates his or her share of the profits on the basis of the value increment over and above the last peak in the NAV. As a result, the performance fee does not become payable until all losses incurred have been completely recovered.
High Yield bonds: Bonds issued by borrowers with lower credit ratings. Such bonds offer higher rates of interest, but at the same time there is also a higher risk of default, i.e. that interest payments will not be paid or that the face value will not be repaid.
Inflation-linked bonds: An inflation-linked bond provides investors with protection from inflation by linking its principal amount or interest payments to a specific inflation index.
Investment grade: Term used to denote securities with ratings of between BBB and AAA, indicating that their credit quality is satisfactory or good.
Illiquid: Illiquid assets are those assets that cannot be easily bought, sold, or converted into cash. It may often be impossible to convert the asset to cash until the end of the life of the asset.
Index: Indicator of performance on one or more markets. The oldest and best-known stock market index is the Dow Jones. Indexes make it possible to compare the performance of a fund which is invested in a specific market with the development of this market.
Index Fund: An investment fund which replicates a chosen stock market index in its stock selection and weightings as exactly as possible.
Leverage: With derivative instruments, greater returns can be earned with a comparatively lower capital investment than with an investment in the actual underlying instrument. This effect is called leverage.
Management Style: Manner in which the investment decisions are made to achieve the investment objective (see also Active and Passive Management).
Master Fund: Funds invested in respective feeder funds, are then invested into the master fund. The master fund holds the portfolio investments and conducts all trading activity.
Maturity: Period from the issue of a bond to its due date or to the premature repayment of the bond. Not to be confused with duration.
Net Asset Value (NAV): Used to describe the value of a company's assets less the value of their liabilities.
Rating: The measure of the creditworthiness of a borrower by special rating agencies such as Standard & Poor's or Moody's. As a rule, UBS bond funds principally invest in bonds issued by prime borrowers.
Reinvestment: The possibility of reinvesting the distribution in the same fund. Certain funds offer investors a special

reinvestment discount on the issuing price if the annual distribution is reinvested.
Over the counter (OTC): An over the counter financial contract is one that is not traded on an exchange but is 'tailor-made' for a client by a financial institution.
Passive management: Passive management seeks to attain performance equal to market or index returns.
Performance Fee: For non-classical investment funds such as hedge funds, the investor often has to pay, in addition to the conventional management fee, a supplementary performance fee in the form of a percentage (e.g. 20%) of the fund's annual increase in value.
Physical replication: In physical replication, an ETF invests directly in securities held in the benchmark it is tracking. To do so, the ETF can buy some or all of the securities that make up the replicated index - this method is called full replication and is suitable for liquid indices.
Share Class: An investment fund can issue several types of share certificates with different criteria. The share certificate classes may differ in the amount of fees, the appropriation of income or the currency of the share certificate class.
Synthetic replication: In contrast to physical replication, with synthetic replication an ETF does not invest directly in the securities held in the benchmark. Instead, it enters into a swap agreement with a counterparty, which promises to pay the return on the replicated index to the ETF.
Risk free rate: An investment with no chance of default, and a known or certain rate of return.
Swing Pricing: Method used to calculate the net asset values of investment funds. Which allows transaction costs arising from subscriptions made by incoming investors and redemptions made by outgoing investors to be borne by the incoming and outgoing investors, rather than existing investors.
Standard deviation: Statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. The greater the degree of dispersion the greater the risk.
Sharpe ratio: Measure expresses how much higher (or lower) a return an investor can expect compared to the risk-free rate of interest (e.g., interest rates on savings accounts) per unit of risk (volatility). The risk-free rate of interest varies from currency to currency.
Tracking error: Measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period, expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error.
Total Expense Ratio (TER): The ratio of total expense to a fund's average size over an annualised accounting period. Expenses are taken to include all expenses shown in the income account, including management, administration, custody, audit, legal and professional fees.
UCITS: Undertakings for Collective Investments in Transferable Securities. A UCITS fund is an authorised fund that may be sold across all EU countries.
Volatility: A measure of the size of short term changes in the value of an investment.
Yield to maturity: Weighted average rate earned by an investor who buys the bond portfolio today at the market price and holds the bond portfolio until maturity, and assuming that all coupon and principal payments will be made on schedule.
Ø – Average.