

Return-oriented investing

Real added value - quality stocks from the US paying high dividends

UBS Certificate linked to the S&P 500 Dividend Aristocrats Index

Proven strategy for success

Dividend and old-fashioned – not so! Dividend stocks have long since shed their boring image. Rightly so: analyses of historical data show that, over the long term, profit distributions make a major contribution to the overall performance of an equity investment. High dividend yields are nevertheless not always a seal of quality. A high yield may also be due to losses resulting from falling stock prices. So when making a selection, it is essential to pay attention to the required quality of the companies. The UBS Certificate linked to the S&P 500 Dividend Aristocrats Index, which was launched in 2021, demonstrates what a profitable selection could look like. The S&P 500 Dividend Aristocrats Index captures the dividend income and capital appreciation potential which form the key factors in investment total return expectations.

Professional dividend strategy

The US and dividends have always been a good match. As early as the 1930s the US economist Benjamin Graham, regarded as the forefather of value investing, pointed out the importance of profit distribution as a selection criterion for equity investments. Of course, not every private investor has the time or the resources to filter out suitable equities from the enormous Wall Street universe. The UBS Certificate linked to the S&P 500 Dividend Aristocrats Net Total Return Index provides a solution. The goal is to find high-quality companies with sustainable dividend payments that ultimately offer good prospects for a high total return. One of the key characteristics of these first-class companies is a strong foundation: healthy balance sheets, positive cash flows and sustainable growth are crucial features.

Optimized selection process

The selection process is based on these factors: expected dividend growth and the growth history, the probability of a dividend cut and the forecast of relative return. Using a machine learning algorithm, known as "random forests" in technical jargon, the equities are ranked according to the defined criteria. In addition, the dividend yield and liquidity of each of the companies are scrutinized closely.



UBS Certificate linked to the S&P 500 Dividend Aristocrats Index

Currency	Valor	Alpha Code
ZAR	ZAE000301743	UBDAUD

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Quality has priority

A glance in the rear-view mirror shows that the UBS Certificate Linked to the S&P 500 Dividend Aristocrats Index has what it takes to outperform the overall market over the long term.

The product solution

With a global dividend strategy, personal asset allocation can be optimized over the medium to long term. The UBS Certificate linked to the S&P 500 Dividend Aristocrats Index provides easy access to dividend hits from overseas markets. The underlying asset is always kept fresh: each quarter, the UBS Certificate linked to the S&P 500 Dividend Aristocrats Index is subject to review and is adjusted if necessary.

Opportunities

- Easy and cost-effective access to quality high dividends paying stocks from the US
- Objective-focused and transparent index design
- Regular review of index composition
- Net dividends from the companies included in the index are reinvested to benefit the investor
- Under normal conditions, the product can be traded on every trading day

Risks

- No capital protection: investors run the risk of losing their capital investment if the price of the underlying index worsens
- Investors bear the issuer risk and so could lose their capital investment if the issuer files for insolvency
- The issuer intends to ensure liquidity in normal market phases on trading days. However, investors should realise that they may not be able to buy / sell the product at every point in time
- As the assets included in the index may be listed in different currencies from the product and the products do not have any currency hedges, the investor may also be exposed to exchange rate risk, which may adversely affect the value of the product
- The issuer has the right to cancel the products if certain conditions are met

UBS Certificate linked to the S&P 500 Dividend Aristocrats Index

Underlying	S&P 500 Dividend Aristocrats Net Total Return Index
ISIN	ZAE000301743
UBS AG credit rating	S&P A+ Moody's Aa3 Fitch A+
Primary exchange	Johannesburg Stock Exchange
Management fee	0.50% p.a.
Issue date	06 September 2021
Maturity date	08 September 2026
Issue price	ZAR 100.00
Settlement currency	ZAR
Alpha Code	UBDAUD

Investor profile

Solutions for investors with experience in stock market topics and structured products and with a medium to increased risk tolerance who would like to participate in the performance of the equities included in the index at little capital and administrative expense.

The product documentation, i.e. the applicable pricing supplement and termsheet can be found on [keyinvest-za.ubs.com](https://keyinvest.za.ubs.com)

Further information about the Index and the methodology used to compute the level of the index is available on the website of the index calculator.

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