

# Quality dividends

**Dividend-strong value equities** with high standards.

Open End PERLES on the  
UBS Global Quality Dividend Payers NTR  
Index

## I. Investment idea: quality asserts itself

Quality asserts itself in the long term – even on the exchange. Following this basic principle, the UBS Global Quality Dividend Payers Index is banking on 30 selected value equities. This selection occurs quarterly from a global equity universe of more than 3,300 securities. The basic idea behind it is that an investment in selected quality equities should offer a more stable performance compared to the overall market.

## II. Does an attractive dividend yield constitute a value equity?

Value equities are characterized by sustainably profitable business on the part of the respective corporation. Since flourishing companies as a rule distribute an attractive dividend to their shareholders when compared to their sector, a high dividend yield (ratio of dividend to the share price) is generally considered a strong indication of a value equity. Nonetheless, a high dividend yield should not serve separately as the sole selection criterion, because a high dividend yield can also be the result of a previously strong price loss and point to problems in business. In addition, telecommunications securities and utilities, for instance, traditionally boast a relatively high dividend yield, but are not necessarily among the equities with the strongest prospects for growth.

## III. Refined filter process for higher hit rate

The UBS Global Quality Dividend Payers Index therefore provides more selection criteria than just an attractive dividend yield. In order to make the select circle of value-strong index members, each corporation, for instance, has to have a healthy balance sheet, an appealing return on equity as well as sustainable turnover and earnings growth. The set of rules defined by UBS Investment Bank Research also targets a balanced mix with regard to sector and country allocation.

For marketing purposes only



### SSSP product type

Tracker certificates (1300)

| Currency | Valor    | SIX Symbol |
|----------|----------|------------|
| CHF      | 18582861 | DIVQC      |
| EUR      | 18582863 | DIVQE      |
| USD      | 18582862 | DIVQD      |

### UBS GQDP NTR Index vs. MSCI World NTR Index



|                 | UBS GQDP NTR Index | MSCI World NTR Index |
|-----------------|--------------------|----------------------|
| Return p.a.     | 10.8%              | 4.4%                 |
| Volatility p.a. | 14.9%              | 14.7%                |
| Sharpe Ratio    | 0.7                | 0.3                  |

Source: Bloomberg, UBS

Period: 01.02.2018, past performance is not indicative of future performance.

For this, the index portfolio essentially follows the weighting of the much respected MSCI World Index, but on the basis of the assessments of UBS Investment Bank Research may deliberately deviate from this. In this way, on a quarterly basis the UBS Global Quality Dividend Payers Index becomes more strongly geared to those sectors and countries from which the experts expect above-average earnings momentum.

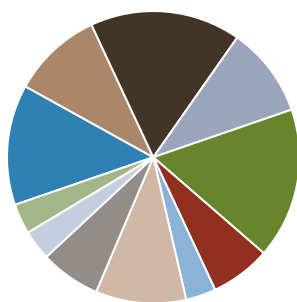
All filter criteria serve a single goal: the long-term prospects of the broadly diversified index portfolio are to be increased to above-average and stable performance. It goes without saying that the UBS Global Quality Dividend Payers Index pursues a net total return approach. That means that the potential dividends of the 30 value equities included are taken into account in the index performance.

#### IV. Index composition

| Company                      | Weighting | Company                      | Weighting |
|------------------------------|-----------|------------------------------|-----------|
| ABBVIE INC                   | 3.33%     | L'OREAL                      | 3.33%     |
| AMADEUS IT GROUP SA          | 3.33%     | LVMH MOET HENNESSY LOUIS VUI | 3.33%     |
| ATLAS COPCO AB-A SHS         | 3.33%     | MARATHON PETROLEUM CORP      | 3.33%     |
| BROADCOM LTD                 | 3.33%     | MEDTRONIC PLC                | 3.33%     |
| CHINA PETROLEUM & CHEMICAL-H | 3.33%     | MICROSOFT CORP               | 3.33%     |
| CME GROUP INC                | 3.33%     | MOBILE TELESYSTEMS-SP ADR    | 3.33%     |
| CVS HEALTH CORP              | 3.33%     | NINE DRAGONS PAPER HOLDINGS  | 3.33%     |
| DAIWA HOUSE INDUSTRY CO LTD  | 3.33%     | PENTAIR PLC                  | 3.33%     |
| DNB ASA                      | 3.33%     | RESMED INC                   | 3.33%     |
| DONG ENERGY AS               | 3.33%     | SCHROEDERS PLC               | 3.33%     |
| EASTMAN CHEMICAL CO          | 3.33%     | SEKISUI HOUSE LTD            | 3.33%     |
| HARTFORD FINANCIAL SVCS GRP  | 3.33%     | SEVEN & I HOLDINGS CO LTD    | 3.33%     |
| HOME DEPOT INC               | 3.33%     | TEXAS INSTRUMENTS INC        | 3.33%     |
| HP INC                       | 3.33%     | VALEO SA                     | 3.33%     |
| JPMORGAN CHASE & CO          | 3.33%     | VOLVO AB-B SHS               | 3.33%     |

As of: 26.04.2017  
Source: Bloomberg, UBS

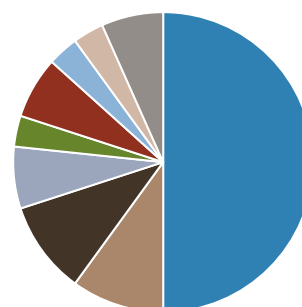
#### Sector Allocation



|                     |                        |
|---------------------|------------------------|
| Consumer Disc 13.3% | Consumer Staples 10.0% |
| Financials 16.7%    | Health Care 10.0%      |
| IT 16.7%            | Materials 6.7%         |
| Utilities 3.3%      | Industrials 10.0%      |
| Energy 6.7%         | Telecom 3.3%           |
| Real Estate 3.3%    |                        |

As of: 26.04.2017  
Source: Bloomberg, UBS

#### Country Allocation



|                     |                    |
|---------------------|--------------------|
| United States 50.0% | Japan 10.0%        |
| France              | Great Britain 6.7% |
| Spain 3.3%          | Hong Kong 6.7%     |
| Denmark 3.3%        | Norway 3.3%        |
| Sweden 6.7%         |                    |

As of: 26.04.2017  
Source: Bloomberg, UBS

The country allocation process pays attention to global diversification. This can change in the future. The sector weighting is geared to the MSCI AC World Index and can change in the future.

## V. The product solution

Open End PERLES on the UBS Global Quality Dividend Payers Index represent a cost-efficient and convenient option for participating permanently in the regularly adjusted and globally diversified quality index with just one transaction.

|                              | CHF-Tranche   | EUR-Tranche   | USD-Tranche   |
|------------------------------|---|---|---|
| <b>Issuer</b>                | UBS AG, London Branch   | UBS AG, London Branch   | UBS AG, London Branch   |
| <b>SSPA product type</b>     | Tracker certificates (1300)                                     | Tracker certificates (1300)                                     | Tracker certificates (1300)                                     |
| <b>Conversion ratio</b>      | 1:1   | 1:1   | 1:1   |
| <b>Management fee</b>        | 1.00% p.a.  | 1.00% p.a.  | 1.00% p.a.  |
| <b>Expiry</b>                | Open End  | Open End  | Open End  |
| <b>Underlying (Currency)</b> | UBS Global Quality Dividend Payers Net Total Return Index (CHF) | UBS Global Quality Dividend Payers Net Total Return Index (EUR) | UBS Global Quality Dividend Payers Net Total Return Index (USD) |
| <b>Issue price</b>           | CHF 118.25  | EUR 158.46  | USD 156.71  |
| <b>Listing date</b>          | 11 May 2012   | 11 May 2012   | 11 May 2012   |
| <b>ISIN / SIX Symbol</b>     | CH0185828610 /DIVQC   | CH0185828636 /DIVQE   | CH0185828628 /DIVQD   |

## VIII. Opportunities

- Convenient: participation in the UBS Global Quality Dividend Payers Index with just a single transaction.
- Stability: participation in the UBS Global Quality Dividend Payers Index, which due to dividend-strong value equities should boast a more stable performance than the overall market.
- Diversification: the index portfolio is broadly structured with regard to both the sector and the country allocation.
- Expertise: the many years of experience of UBS Investment Bank Research, which has received numerous awards, are reflected in the multitiered equity selection.
- Dividend-strong: net dividends accrued from the corporations contained in the index are reinvested in the respective index.

## IX. Risks

- No capital protection: investors bear the risk of losing the capital invested.
- The issuer intends to see to the liquidity in normal market phases on trading days (over the counter). The sale of a certificate, however, may not always be possible at any given time.
- No currency hedging: possible changes in the currencies in which the equities of the index members are traded against the trading currency of the respective certificate can have a negative impact on the certificate value.
- Systematic risk: the return performance depends on the respective market conditions.
- Each investor bears the general risk that the financial situation of the issuer may worsen. In the event that the issuer becomes insolvent, the products are direct, unsecured and subordinated liabilities of the issuer.

### 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.

For other products and information on opportunities and risks visit: [ubs.com/keyinvest](https://ubs.com/keyinvest)

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**UBS AG**  
P.O. Box, 8098 Zurich  
E-mail: [keyinvest@ubs.com](mailto:keyinvest@ubs.com)

**Hotline: +41-44-239 76 76\***  
Institutional Clients: +41-44-239 14 66\*  
Intermediaries: +41-44-239 77 60\*  
Wealth Management Clients: +41-44-239 68 00\*

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