

Swiss Enhanced Dividend AMC (External - USD)



INVESTMENT RATIONALE



**HIGH QUALITY
SWISS
EQUITIES**



**DIVIDEND
INCOME**



**PROVEN &
SUCCESSFUL
STRATEGY**



**DAILY
LIQUIDITY**



**REDUCED
VOLATILITY VS
SWISS EQUITIES**

STRATEGY

Focus on generating periodic cash flows and stable returns over time with lower volatility compared to the broad stock market. The strategy aims to benefit from three different sources of return. The core portfolio is invested in liquid, high-quality Swiss equities that pay attractive dividends. To reduce the volatility of the strategy, a covered call strategy is implemented as an overlay to the portfolio, either by selling index calls or by shorting single stock calls directly. Depending on market sentiment, long index put positions are opportunistically used in order to protect the portfolio from major drawdowns. The strategy may furthermore use short puts to build up positions in the underlying stocks in order to benefit from specific market conditions. By fully hedging the currency risk, the strategy takes advantage of the current positive interest rate differential between USD and CHF, thus harnessing the third source of return.

MANAGER COMMENT

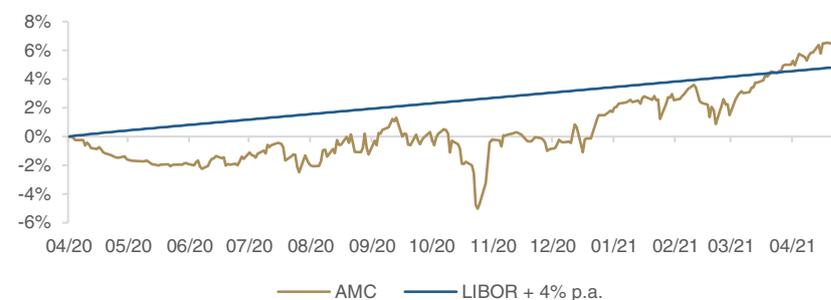
The month of April continued on a positive note, with the Swiss Equity Market adding roughly a percentage point, including dividends. After a strong outperformance of Swiss equities over global indices in March, the April tally was less favorable on a relative basis, with global equity markets adding more than 4%. The reason for this lag in April can be found in the performance of the index heavyweights Roche and Novartis, both retreating by more than 2 and 3 percent, respectively. At the same time, the financials weighed on the Swiss equity markets, with Credit Suisse again at the bottom of the monthly performance table, but also UBS, Swiss Re and Zurich Insurance Group. Going forward, we expect some choppy movements on equity markets, due to the record retail investor sentiment in the face of the ongoing pandemic.

The strategy performed in line with the market in April, our cautious approach in some positions paid out. Early in the month, the AMC paid out the share of dividends it received in Q1, amounting to a yield of about 0.8%. As Swiss companies typically pay their dividends in Q1 and Q2, the next dividend payout for the AMC will take place in June. The biggest position in the index, Nestlé, had another good month, with plus 6%. We were able to capture most of the performance including the dividend but are now capped until option expiry on the third Friday of the month. Put differently, we now also have a cushion in place, if Nestlé should correct a part of its two-months long steep uptrend.

AMC FACTS

| | |
|--------------------------|---------------------------------|
| Issuer: | UBS AG |
| Investment Manager: | St. Gotthard Fund Management AG |
| Inception Date: | 06.04.2020 |
| Currency: | USD |
| Min. Initial Investment: | USD 1'000 |
| Distributions: | Quarterly |
| Liquidity: | Daily |
| AUM under Strategy: | USD 3.42 mn |
| ISIN Number: | CH0511372309 |
| Management Fee: | 0.75% |
| Performance Fee: | 10% with HWM |
| Administration Fee: | 0.25% |
| Target return: | LIBOR + 4% p.a. |

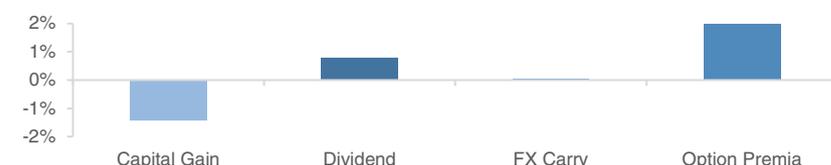
PERFORMANCE



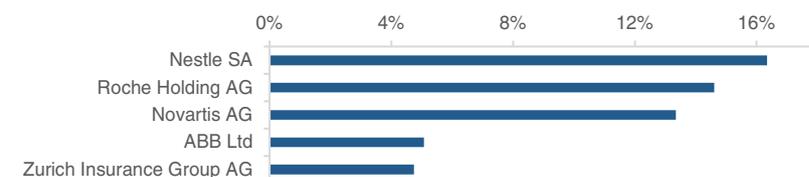
Monthly returns (%)

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|----------------|---------------|-------|-------|----------------|-------|-------|-------|------|------|-------|------|------|-------------|
| 2020 | AMC | | | -1.47 | -0.48 | -0.05 | -0.51 | 1.44 | 0.56 | -4.18 | 4.80 | 1.59 | 1.48 |
| | Target Return | | | 0.36 | 0.37 | 0.38 | 0.39 | 0.35 | 0.37 | 0.37 | 0.35 | 0.39 | 3.38 |
| 2021 | AMC | -0.24 | -0.36 | 3.62 | 1.14 | | | | | | | | 4.18 |
| | Target Return | 0.35 | 0.33 | 0.38 | 0.37 | | | | | | | | 1.44 |
| Annualized (%) | | | | Cumulative (%) | | | | | | | | | |
| 1Y | 2Y | 3Y | ITD | 1Y | 2Y | 3Y | ITD | | | | | | |
| 7.29 | n/a | n/a | 5.13 | 7.29 | n/a | n/a | 5.72 | | | | | | |

P/L CONTRIBUTION



TOP POSITIONS



STATISTICS

06.04.2020 - 30.04.2021

| | |
|---|-------|
| Sharpe Ratio: | 0.68 |
| Annualized Volatility: | 7.07% |
| Annualized Dividend Yield: | 1.90% |
| Maximum Drawdown (MDD): | 6.26% |
| Correlation Strategy vs SMI Total Return: | 0.73 |

RISK CATEGORY SRRI

| | | | | | | |
|------------------------|---|---|---|-------------------------|---|---|
| Lower Risk | | | | Higher Risk | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Typically Lower Reward | | | 4 | Typically Higher Reward | | |



Swiss Enhanced Dividend AMC (Internal - USD)



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MANAGER COMMENT

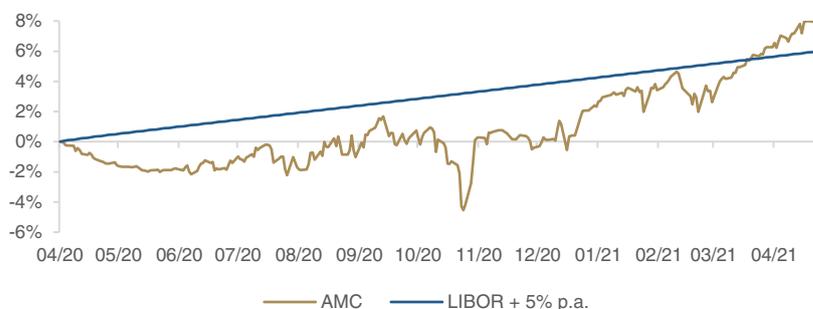
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| Distributions: | Quarterly |
| Liquidity: | Daily |
| AUM under Strategy: | USD 3.42 mn |
| ISIN Number: | CH0511372291 |
| Management Fee: | 0% |
| Performance Fee: | 0% |
| Administration Fee: | 0.25% |
| Target return: | LIBOR + 5% p.a. |

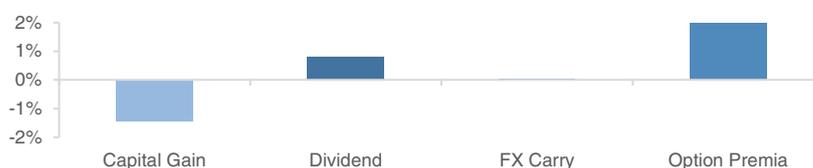
PERFORMANCE



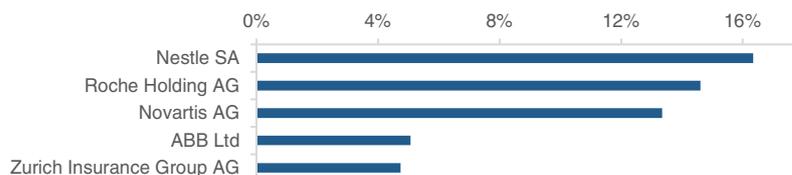
Monthly returns (%)

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|----------------|---------------|-------|-------|----------------|-------|------|-------|------|------|-------|------|------|-------------|
| 2020 | AMC | | | -1.46 | -0.43 | 0.02 | -0.36 | 1.40 | 0.72 | -4.08 | 4.78 | 1.68 | 2.07 |
| | Target Return | | | 0.43 | 0.45 | 0.46 | 0.48 | 0.44 | 0.46 | 0.46 | 0.44 | 0.48 | 4.17 |
| 2021 | AMC | -0.07 | -0.01 | 3.73 | 1.35 | | | | | | | | 5.04 |
| | Target Return | 0.44 | 0.41 | 0.47 | 0.45 | | | | | | | | 1.79 |
| Annualized (%) | | | | Cumulative (%) | | | | | | | | | |
| | 1Y | 2Y | 3Y | ITD | 1Y | 2Y | 3Y | ITD | | | | | |
| | 8.80 | n/a | n/a | 6.47 | 8.80 | n/a | n/a | 7.21 | | | | | |

P/L CONTRIBUTION



TOP POSITIONS



STATISTICS

06.04.2020 - 30.04.2021

| | |
|---|-------|
| Sharpe Ratio: | 0.87 |
| Annualized Volatility: | 7.07% |
| Annualized Dividend Yield: | 1.90% |
| Maximum Drawdown (MDD): | 6.12% |
| Correlation Strategy vs SMI Total Return: | 0.73 |

RISK CATEGORY SRRI

| | | | | | | |
|------------------------|---|---|---|-------------|-------------------------|---|
| Lower Risk | | | | Higher Risk | | |
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| Typically Lower Reward | | | | | Typically Higher Reward | |



Swiss Enhanced Dividend AMC (USD)



INVESTMENT TEAM

Stefan Bollhalder, CFA
CEO and Co-Founder

Stefan managed this strategy for more than three years at one of his previous positions. He has more than 25 years of professional experience in various financial industries, such as renowned banks, family offices, and hedge funds. More specially, he managed portfolios with various investment styles with a focus on risk/return and developed similar successful investment strategies with above-average returns. As Chief Investment Officer of a Swiss private bank, he was accountable for the management of discretionary mandates of several billion. Stefan has long experience in various asset classes, including derivatives. He worked in major financial centres including New York and London for more than five years.

Daniel Egger, CFA, CMT
CIO

Daniel co-managed this strategy with Stefan while working together at a Swiss private bank. Daniel Egger has more than 25 years of experience in the financial industry, with more than 20 years working in asset management (buy-side) at different major Swiss and international private banks. Starting his investment career as an equity analyst, Daniel held different positions as technical analyst and senior portfolio manager. For two different Swiss private banks, Daniel held the position as Chief Investment Officer and Chief Strategist. Daniel holds a master's degree (MA) in General History (Major), Economics (First Minor), and Public International Law (Second Minor) from the University of Zurich (UZH), and is both a CFA and CMT charterholder.

RISK CONSIDERATIONS

The AMC invests in Swiss Stocks and Derivatives in Swiss Stocks. The risk category shown is based on historical data and may not be a reliable indication for the future risk profile. It is not a target or a guarantee and may change over time. The lowest category does not mean a risk-free investment. The strategy offers no capital guarantee or asset protection measures. The strategy may be exposed to the following risks which are not adequately captured by the synthetic risk indicator and may negatively impact its value:

- **Operational risk:** losses resulting from human errors, system failures, and incorrect valuation.
- **Market risk:** losses occur due to factors that affect the overall performance of the financial markets in which he or she is involved.
- **Counterparty risk:** losses occur when a counterparty does not honour its obligations related to contracts such as over-the-counter derivatives.
- **Financial Derivatives risk:** the leverage resulting from derivatives amplifies losses in certain market conditions.

Further information can be found in the term sheet.

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GLOSSARY

Sharpe ratio

The Sharpe ratio shows the AMC's risk-adjusted performance. It is calculated by dividing the excess return (portfolio return minus risk-free return) by the volatility.

Correlation

Correlation shows how the AMC's return moves in relation to the SMI Total Return. Highly correlated investments tend to move up and down together while this is not true for investments with low correlation.

Annualized volatility

Annualized volatility or commonly known as standard deviation is a measure of historical volatility. It is calculated by comparing the average return with the average variance from that return, on a monthly basis.

Maximum drawdown

A maximum drawdown (MDD) is the maximum observed loss from a peak to a trough of a portfolio, before a new peak is attained. Maximum drawdown is an indicator of downside risk over a specified time period.

Annualized performance

The annualized performance is the geometric average of returns over a given time period from the present to the past, re-scaled to a period of one year.

Inception date

The inception date is the date when the fund was activated in its current legal status.

Annualized dividend yield

The annualized dividend yield here represents a trailing twelve-month dividend yield, annualized.

SRRI

The Synthetic Risk and Reward Indicator is a volatility gauge as defined by the European Securities and Markets Authority (ESMA) in its guidelines CESR/10-673.

SMI Total Return

The Swiss Market Gross Total Return Index is a total return index based on the Swiss Market Index (SMI Index), except the dividends are continually reinvested. This index is calculated by the SIX Swiss Exchange.

LIBOR

LIBOR is a benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans.

Target Return

The target return is the expected return of the product. The returns are net of fees which leads to different target returns for the share classes. The gross target return for the strategy is the same for both share classes.

