UBS Gold Engle 8% Index

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Innovation meets Nobel Prize winning research

Gold is viewed as a haven and diversifying asset, offering protection against inflation and economic stress and helping to stabilise portfolio volatility.

The UBS Gold Engle 8% Index provides a risk-controlled investment solution on gold using an innovative forward-looking rebalancing model developed by UBS in partnership Dr. Robert Engle.

The Index dynamically allocates to gold futures to target a pre-determined volatility level. The allocation can vary between 0% to 100%.

Key facts

Ticker	UBENGC8
Website	indices.ubs.com/UBENGC8
Backtest start date	March 20, 2007
Live date	December 16, 2025
Currency	USD
Asset class	Commodity
Return type	Excess return
Rebalancing	Intraday
Calculation agent	MerQube, Inc
Index sponsor	UBS AG
Index fee	0.00% per year

Built in risk management

The Index targets a volatility of 8% using a mechanism called “Volatility control.”

Partnering with Nobel Prize winner

In 2003, Professor Robert F. Engle was awarded the Nobel Prize in Economic Sciences for his groundbreaking work in volatility modeling1. This work helped establish the foundation for time series analysis and helped systematize the study of volatility in the financial market.

He developed forward-looking statistical models of volatility that capture the tendency of stock prices and other financial variables' movements in various regimes. Strong prediction of these movements can potentially help manage risk more effectively.

> "The heart of a good volatility-control mechanism is a good forecast of volatility."

Robert F. Engle, PhD. 2003 Nobel Laureate in Economics,
Professor Emeritus of Finance at NYU Stern Co-Director, The Volatility and Risk Institute

UBS has a long history of partnering with Nobel Award winners through the Nobel Perspectives Initiative.

[1]Robert F. Engle III was awarded the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel in 2003. His prize motivation is "for methods of analyzing economic time series with time-varying volatility (ARCH)".
Source: https://www.nobelprize.org/prizes/economic-sciences/2003/engle/facts

Built in risk management and low volatility

Unlike many volatility-controlled indices that rebalance based on backward-looking volatility calculations, the Index uses an innovative **forward-looking model** that predicts volatility and adjusts allocation to gold futures.

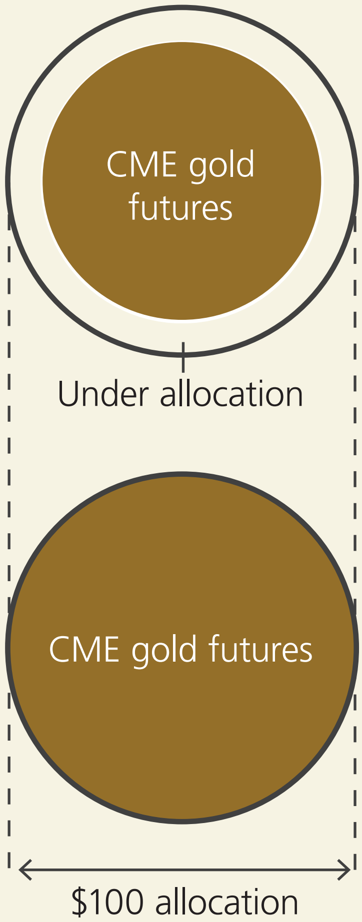
The Index targets a risk level of 8% annualized volatility

High volatility

If forecasted volatility is higher than 8%, the Index will **reduce the final portfolio allocation** to less than $100 to dampen volatility.

Low volatility

If forecasted volatility is lower than 8%, the Index will **increase the final portfolio allocation** to $100.



Risk level above 8%
Target allocation will be less than $100

Risk level below 8%
Target allocation will be $100

For illustrative purposes

How does the Index measure volatility?

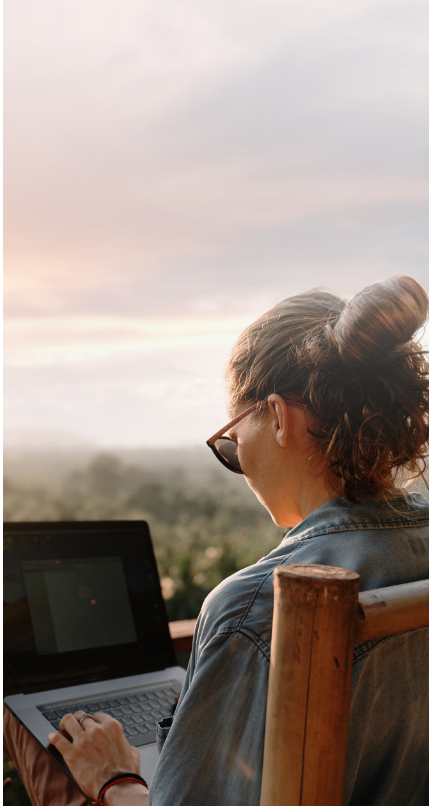
The Index's predictive volatility mechanism, based on Nobel Prize-winning research from Robert F. Engle, analyzes volatility shocks in financial market prices to potentially help manage risk more effectively. It can reduce its exposure to the gold futures in stressed market conditions by measuring three types of volatility:

Slow-Moving Volatility

The Index uses GARCH-style models with long term realized volatility data to predict daily volatility from historical patterns.

Time-of-Day Volatility

The Index accounts for time-of-day effects where volatility levels tend to be elevated at specific times of the day.



Intraday Volatility

The Index component focuses on short-term fluctuations observed within a single trading day or from the end of one trading day into the beginning of the next.

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Key index highlights

Dynamic exposure to gold

The index provides dynamic balanced exposure to gold without relying on market timing.

Built in risk management and low volatility

Intraday observation and rebalancing enable the Index to react quickly to changing market conditions.

Innovative research in index construction

The Index utilizes innovative volatility forecasting models, powered by Dr. Engle's Nobel Prize winning research.

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