



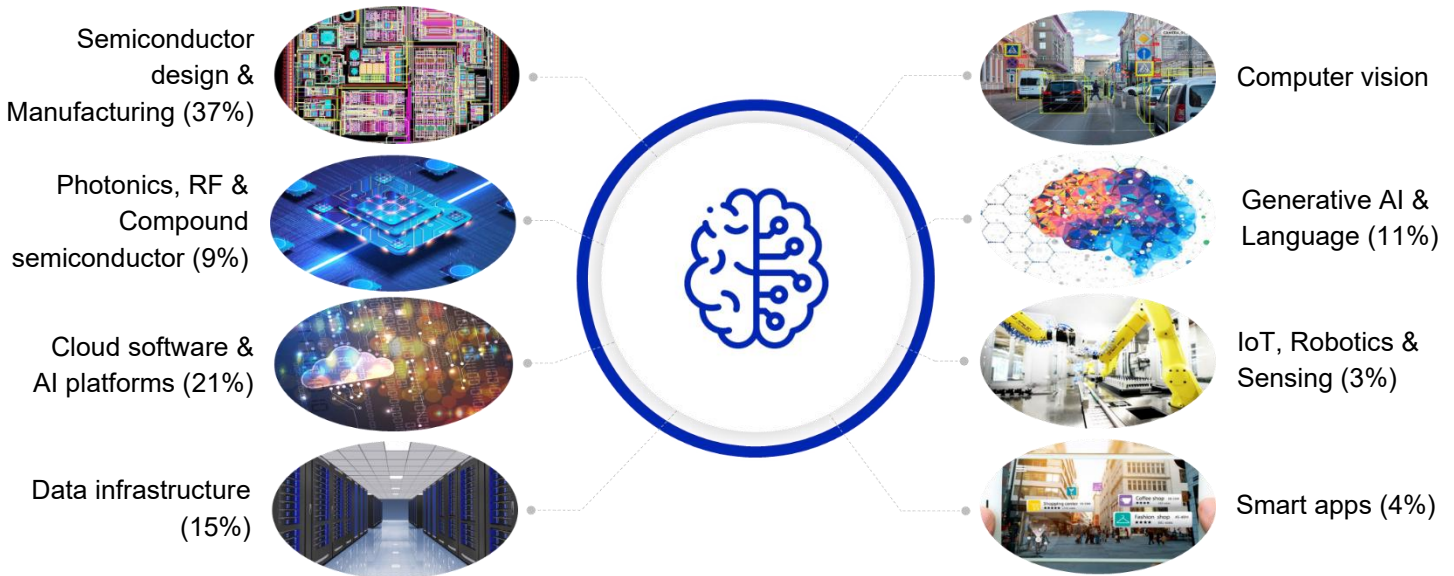
Investment Rationale

- Generative AI is about to reshuffle many industries with a disruptive impact as significant as mobile communications and the Web.
- AI is indeed the underlying base for many rising technologies, including autonomous driving, robotics or IoT. As such, it should become pervasive and open up new revenue opportunities and bring major efficiencies.
- The increasing complexity of training deep learning models is having a profound impact on the cloud computing architecture, while inference, or implementation of an AI service, is impacting end-devices and last mile connectivity.
- A multi-year investment cycle is then in sight to train AI and deliver AI services to customers at scale.

Certificate Details

NAV	112.8
ISIN	CH1263269362
Currency	USD
Type	Active Equity
Issuer / Rating	UBS / S&P A+
Inception Date	10.05.2023
Number of Holdings	39
Liquidity	Daily
Management fees	1.6% (incl. 0.25% UBS)
Performance fees	15% (HWM)

Investment Universe

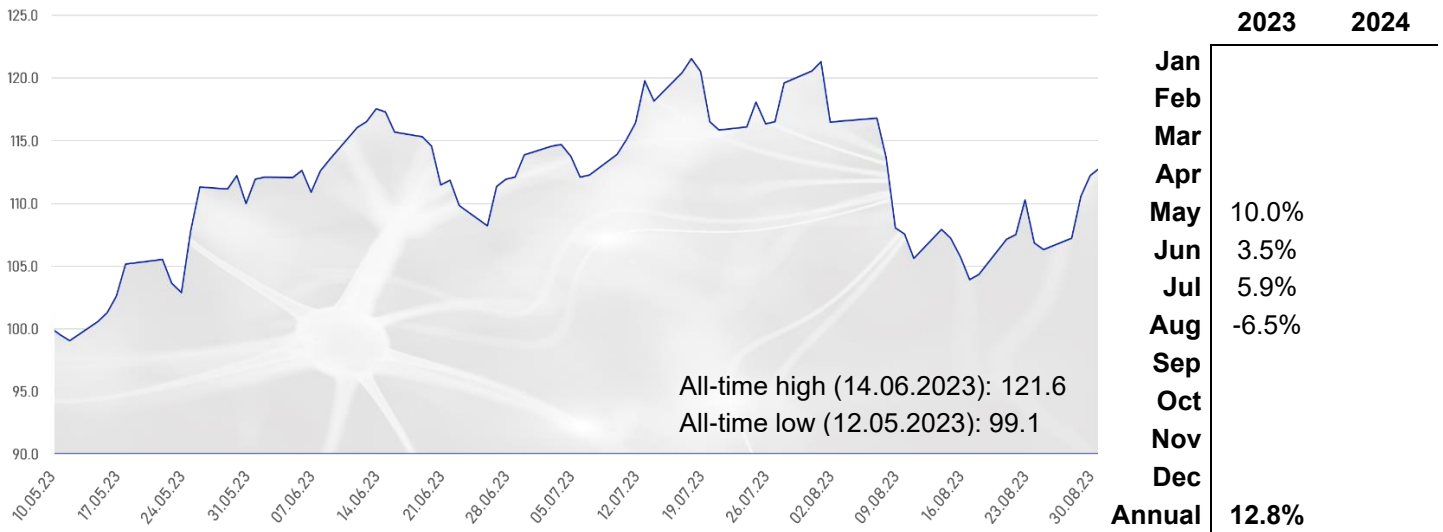


August Report

- The Artificial Intelligence certificate fell 6.5% in August, underperforming the MSCI AC World by 3.6%.
- Without any surprise, Nvidia printed another blow-out quarter. Most importantly, the first trillion market cap semiconductor company benefits from a very strong visibility that spans over more than 4 quarters, something that happens very rarely in this industry and, even more so, in the specific computing segment.
- Direct competitors like AMD and Intel are also seeing explosive demand for their AI chips (the MI and Gaudi families, respectively) but mainly because Nvidia can't fulfill the demand. More "exotic" solutions, like the ones from Cerebras for example, are easily obtaining funds to further develop, manufacture and roll out their systems.
- While the size of AI models is growing at an annual rate of 10x and GPUs/TPUs performances at "only" 2x/3x, training a very large single foundational model and then tuning its sections to specific knowledge is an elegant way to spread the model's knowledge across many different tasks.
- This framework, which pursues the holy grail of General AI, reduces the heavy training workload to keep models up to date with new data, allows more efficient inference and attenuates hardware's performance lag.



Performance



Top Contributors

Nvidia (NVDA US)
Alchip Technologies (3661 TT)
Vertiv Holdings (VRT US)

Worst Contributors

Palantir (PLTR US)
Super Micro Computer (SMCI US)
Teradata (TDC US)

Risk

Beta vs. MSCI AC World	1.75
Correlation vs. MSCI AC World	0.7
Realized Volatility (Annualized)	27%
Cash Allocation	0%

Portfolio Structure

Top Holdings

Nvidia (NVDA US)
Super Micro (SMCI US)
SK Hynix (000660 KS)

Top 5 Currencies

USD	87%
KRW	4%
TWD	3%
CNY	3%
JPY	3%

Market Cap Breakdown [USD]

Mega (> 200bn)	18%
Large (10bn to 200bn)	46%
Medium (2bn to 10bn)	30%
Small (300mln to 2bn)	3%
Micro (50mln to 300mln)	3%

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