

# HDLB

## ETRACS Monthly Pay 2xLeveraged US High Dividend Low Volatility ETN Series B

### Fund Description

HDLB tracks 2x leveraged exposure to an index, compounded monthly, of 40 stocks that have been culled from a list of the 1,000 largest US firms based primarily on high dividends and low volatility.

### FactSet Analyst Report

HDLB is an income play. The underlying index selects from the 1,000 largest stocks, 80 companies with the highest expected yield based on analyst estimates. From these 80 names, it selects 40 with lower volatility over the past year. The low volatility screen simply aims to dampen the risk of picking stocks with the highest yield risk that would be amplified by the notes leverage. The portfolio is weighted by liquidity. HDLB pays a monthly coupon- unusual for an ETN. It also resets its leverage monthly rather than daily. Liquidity of the note is an important consideration for investors. Like all ETNs, HDLB is not directly backed by stocks but by the credit of the issuing bank-UBS in this case. Another ETN byproduct: coupons are taxed as ordinary income, not qualified dividends.