

USML

ETRACS 2x Leveraged MSCI US Minimum Volatility Factor TR ETN

Fund Description

USML provides 2x leveraged exposure to an index of US large- and midcap securities selected and weighted to create a low-volatility portfolio, subject to various constraints.

FactSet Analyst Report

USML offers 2x the daily performance of the MSCI USA Minimum Volatility Index, an index that optimizes the MSCI USA Index (parent index) to create a minimum-volatility portfolio within a given set of constraints. This optimization process uses an estimated co-variance matrix based on the Barra multi-factor equity model. Index constituents are constrained such that each individual constituent has a weight greater than 0.5% but is limited to 1.5% weight of the index, and sector weights will not deviate more than +/- 5% from the sector weights of the parent index. As a geared product with quarterly resets, USML is designed as a short-term trading tool and not a long-term investment vehicle. As a result, long-term returns could materially differ from those of the underlying index due to compounding. In addition, keep in mind USML is an exchange-traded note, holders are subject to the credit risk of UBS.

