

Asset Management. Exchange Traded Funds.

UBS Exchange Traded Funds

UBS Exchange Traded Funds (UBS ETFs) are the exchange traded funds (ETFs) that UBS Global Asset Management launched in November 2001, together with other leading financial institutions. Low-cost and efficient, UBS ETFs enable you to tap into an array of investment opportunities by buying and selling well-known stock market indexes in a single transaction.

UBS ETFs combine the best features of investment funds and stocks. In fact, they are shares and/or units in/of an investment fund that reflect the composition of an index, like the Dow Jones Industrial Average or the DJ EURO STOXX 50. They are listed on the SWX Swiss Exchange, virt-x, Deutsche Börse XETRA and Euronext. They can be traded during normal trading hours in the same way you would trade any stock. And on top of these advantages, they give you the full investor protection you would expect from an officially registered investment fund.

Continuous market growth

ETFs have seen continuous growth in assets since they were launched in the US in 1993. At the end of 2006, 574 billion US dollars were invested in ETFs worldwide. In particular, ETFs in Europe have flourished, posting growth rates of 50% in 2006.

Tools for private investors

For private investors, ETFs are an excellent alternative to single-stock investing, enabling them to diversify portfolio risks.

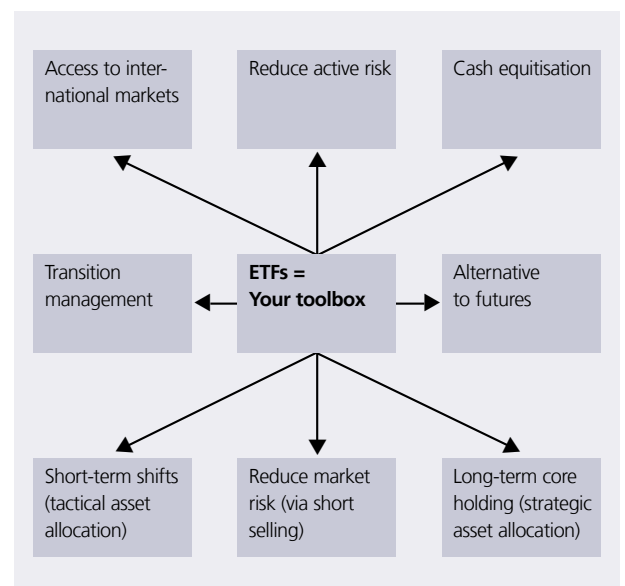
UBS ETFs track a variety of well-known, independently calculated indexes. They enable your clients to match the time horizons over which they intend to hold their investments down to the minute because they are exchange

traded. Private investors can enter market orders, limit orders, stop-loss and stop-buy orders themselves. Thanks to exchange trading, all of these features can be implemented in real time. This feature lets private investors respond to shifting market conditions instantly. UBS ETFs support a host of short-term trading activities that enable active traders to focus on various corners of the global market in a flexible and professional way.

And if private investors want to know how their UBS ETF portfolio is doing, they can simply look it up on www.ubs.com/etf or check the performance of the respective index on relevant news channels, websites or print media. As a result, UBS ETFs are one of the most flexible, cost-effective and efficient ways to invest in the market today.

Tools for institutional investors

ETF toolbox



Institutional investors can use ETFs as tools to implement their tactical and strategic asset allocation decisions. Currently 272 ETFs trade in Europe covering most asset classes including equities (countries, regions and sectors), fixed income, commodities and real estate. The broad asset class exposure combined with the low trading value (typically between CHF 20 and CHF 150) of ETFs enables investors to diversify their portfolios with only a few trades.

ETFs can be sold short. They can be used as substitutes for futures since they can be bought and sold in much smaller amounts, are operationally less complex and have no roll risk. They offer a larger range of indices for short selling than index futures. Worldwide, the 732 ETFs available exceed the number of index futures (85). ETFs can be efficient hedging vehicles because they can be borrowed and sold short. Hedging with ETFs allows managers to control and isolate market exposure. Unwanted risks can be neutralised using short positions in ETFs.

They also help eliminate cash drag and liquidity management dilemmas. When institutional investors change asset managers, they are concerned about maintaining equity exposure during the transition. One way to achieve this goal is to liquidate the portfolio while simultaneously buying ETFs.

Capabilities & services offered

- Innovative complement to your fund offering
- Opportunistic approach, highly liquid
- Returns in line with the underlying markets
- ETF securities lending generates additional revenue for clients
- Relatively low management fees (0.10% p.a. to 0.60% p.a.)
- Possibility of OTC trading for larger orders

Why is UBS Global Asset Management your preferred partner?

UBS is responsible for managing UBS Exchange Traded Funds through UBS Global Asset Management (UK) Limited and UBS Global Asset Management Zurich. UBS Global Asset Management is one of the world's largest asset managers, with about CHF 866 billion in invested assets as at 31 December 2006. Over 3,400 staff serve clients in 23 countries around the world.

UBS ETFs are the result of a powerful business partnership between major global financial service providers. All partners have been selected as leaders in their respective fields.

Custodian banks

State Street Bank Luxembourg is responsible for fund administration and custody of Sicavs under Luxembourg law. State Street is the world's largest provider of investment services with USD 11.9 trillion in assets under custody as at 31 December 2006.

UBS AG acts as custodian for the Swiss UBS ETF. With consolidated total assets of CHF 2,396,511 million and published capital and reserves of CHF 55,775 million as at 31 December 2006, UBS AG is financially one of the strongest banks in the world.

Indexes

Dow Jones Indexes and STOXX Ltd. operate as a globally integrated index provider. Together, they develop, maintain, distribute and market a comprehensive global family of rules-driven and free-float weighted indexes. STOXX Ltd. is a joint venture of Deutsche Börse AG, Dow Jones & Company and SWX Group. Launched in 1998, in advance of the European Monetary Union, the introduction of the euro and the creation of the eurozone, the Dow Jones STOXX Indexes became Europe's leading equity indices in a fast and impressive success story. Dow Jones Indexes is part of Dow Jones & Company, which publishes the world's most vital business and financial news and information including the Wall Street Journal Europe and its international and online editions.

FTSE Group is an independent company whose sole business is the creation and management of indices and associated data services, calculating over 60,000 indices daily, including more than 600 real-time indices. The best-known indices are the FTSE UK Index Series which includes the FTSE® 100 Index.

SWX Indices: SWX Swiss Exchange provides a number of indices that measure the performance of the Swiss market. They include the well-known SMI® index, which covers almost 90% of SPI® market capitalisation.

Stock exchanges

UBS ETFs are listed on Europe's leading stock exchanges, including the SWX Swiss Exchange, on virt-x, on Deutsche Börse XETRA and on Euronext Paris.

Market makers

Exchange trading is supported by a number of local and pan-European market makers who commit to maintaining consistent two-way prices on exchanges where UBS ETFs are listed. Market makers include some of the largest investment banks in the world.

In UBS Exchange Traded Funds, you have a proven partner for ETFs. They offer your clients access to the expertise of one of the world's leading asset managers. Developing and putting together this type of fund is a very complex task. A strong network of partnerships with specific technical and legal know-how is called for to be able to offer such attractive easy-to-use products. Leave this work to us and devote your time to advising your clients.

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