

Cyclical & Defensive Sectors with UBS ETFs

UBS Global Asset Management offers Exchange Traded Funds on the MSCI EMU equity sectors, enabling investors a tactical rotation between cyclicals and non-cyclicals. The following MSCI indices are covered:

MSCI EMU Cyclical Sectors	MSCI EMU Defensive Sectors
---------------------------	----------------------------

Key features of *Cyclical & Defensive Sectors* UBS ETFs at a glance:

- Investors are provided with exposure to cyclical and defensive EMU equity sectors indices, comprised of large as well as mid-cap stocks across the 10 developed countries in the EMU market*.
- Exposure to sectors which perform differently over different parts of the business cycle (see Exhibit: "Performance over the last 15 years").
- The weights of the five sectors in the capped indexes are each fixed at 20% of the index, ensuring equal representation of each sector and their equal risk contributions.

Cyclical & Defensive Sectors – MSCI indexes construction and features:

MSCI EMU Cyclical Sectors and MSCI EMU Defensive Sectors indices are constructed from the underlying MSCI EMU index (parent index). MSCI Cyclical Sectors Indexes and MSCI Defensive Sectors Indexes aim to group sectors based on their historical sensitivity to the business cycle. The historical correlation of the ten GICS sectors against the OECD Composite Leading Indicator (CLI) is used for sector classification. The OECD CLI is designed to provide early signals of turning points in business cycles, and its positive correlation with a sector indicates its cyclical behavior; negative correlation indicates defensive nature. The following characteristics differentiate between cyclical and defensive sectors:

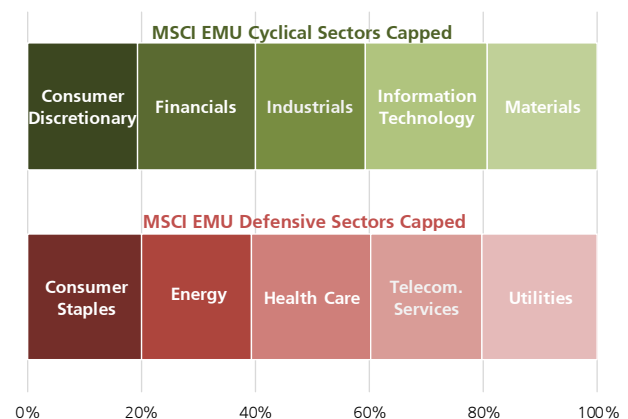
- **Cyclical sectors:**
 - high beta and high economic cycle sensitivity
 - cyclicity in dividends and earnings
- **Defensive sectors:**
 - low beta and low economic cycle sensitivity
 - stable dividends and earnings regardless of economy

Index	Description
MSCI EMU Cyclical Sectors Capped	The MSCI EMU Cyclical Sectors Capped index reflects the performance of the opportunity given by the EMU cyclical sectors, with equal sector weights across cyclical GICS® sectors. Sector universe: Consumer Discretionary, Financials, Industrials, Information Technology and Materials.
MSCI EMU Defensive Sectors Capped	The MSCI EMU Defensive Sectors Capped index reflects the performance of the opportunity given by the EMU defensive sectors, with equal sector weights across defensive GICS® sectors. Sector universe: Consumer Staples, Energy, Health-care, Telecommunication Services and Utilities.

MSCI Capped Indices maintenance

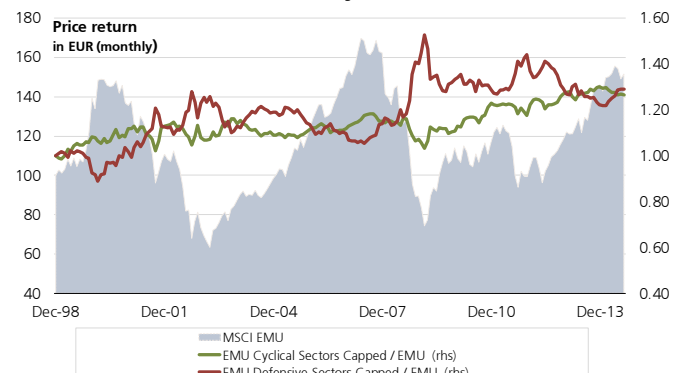
Within the sector, the eligible constituents are weighted based on their free float market capitalization, while the sectors comprising the index are equally weighted each at 20%. The indices are rebalanced on the last business day of February, May, September and November (quarterly rebalancing). Both indices follow the event maintenance of the MSCI EMU (parent) index, i.e. changes in the parent index are reflected simultaneously in the Cyclical and Defensive Capped indices. The sector classification is static and based on the long-run correlation measures against OECD Composite Leading Indicator.

Equal representation of sectors in capped indexes



Source: MSCI, August 2014.

Performance over the last 15 years



Source: MSCI, August 2014.

Past performance of investments is not necessarily an indicator of future results.

*Developed Markets in the EMU are: Austria, Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, Portugal and Spain.

Cyclical & Defensive Sectors with UBS ETFs

UBS ETF (IE) MSCI EMU Cyclical UCITS ETF A and UBS ETF (IE) MSCI EMU Defensive UCITS ETF A:

Benefit from the **expertise** of the leading global index provider and from the **experience** of an established asset manager in the area of passive investments:

- Both UBS ETFs on the MSCI EMU Cyclical Sectors Capped and the MSCI EMU Defensive Sectors Capped indices use full physical replication and invest in stocks held in the corresponding benchmark indices: MSCI EMU Cyclical Sectors Capped index and MSCI EMU Defensive Sectors Capped index.
- The relative weightings of the companies correspond to their weightings in the index.
- The investment objective is to replicate the price and return performance of the above mentioned indices, net of fees.
- MSCI provides products and services which include index research services, portfolio risk and performance analytics and in-depth analysis of companies worldwide.
- The market makers ensure continuous liquidity of UBS ETFs on EMU equity sector indices, on exchange.
- UCITS IV compliant funds.
- Funds are eligible for the securities lending program.

UBS ETFs – Fund details

Fund name	TER	AuM	Base Ccy.	Replication	Domicile	Incept. date	ISIN	Valor
UBS ETF (IE) MSCI EMU Cyclical UCITS ETF A	0.25%	7	EUR	Physical	Ireland	04.09.2014	IE00BMP3HJ57	24 501 805
UBS ETF (IE) MSCI EMU Defensive UCITS ETF A	0.25%	8	EUR	Physical	Ireland	04.09.2014	IE00BMP3HL79	24 501 900

Source: UBS Global Asset Management, data as of August 2014.

AuM in CHF, million.

Current fund performance data and further product information are available at www.ubs.com/etf.

How to contact us

Hotline	044-234 34 99	Bloomberg	UETF <GO>
E-mail	ubs-etf@ubs.com	Website	www.ubs.com/etf

Risk disclaimer

This UBS Exchange Traded Fund invests in equities and may therefore be subject to high fluctuations in value. For this reason, an investment horizon of at least five years and corresponding risk tolerance and capacity are required. All investments are subject to market fluctuations. Every fund has specific risks, which can significantly increase under unusual market conditions. As a result, the net asset value of the funds' assets is directly dependent on the performance of the underlying index. Losses that could be avoided via active management will not be offset.

For marketing and information purposes by UBS. For qualified investors only. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith, but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the document. UBS AG and / or other members of the UBS Group may have a position in and may make a purchase and / or sale of any of the securities or other financial instruments mentioned in this document. UBS funds under Luxembourg law. Representative in Switzerland for UBS funds established under foreign law: UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel. Paying agent: UBS AG. Prospectuses, simplified prospectuses or Key investor information, the articles of association or the management regulations as well as annual and semi-annual reports of UBS funds are available free of charge from UBS AG, P.O. Box, CH-4002 Basel or from UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel. The representative and paying agent in Liechtenstein for UBS Funds under foreign law is Liechtensteinische Landesbank Aktiengesellschaft, Städtle 44, FL-9490 Vaduz. Prospectuses, simplified prospectuses or Key investor information, the articles of association or the management regulations as well as annual and semi-annual reports of UBS funds in German are available free of charge from Liechtensteinische Landesbank Aktiengesellschaft. The MSCI indexes are the exclusive property of MSCI INC. ("MSCI"). MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by UBS AG ("UBS"). The financial securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such financial securities. The full prospectus of the UBS ETF Sicav contains a more detailed description of the limited relationship MSCI has with UBS and any related financial securities. No purchaser, seller or holder of this product, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this product without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI. Before investing in a product please read the latest prospectus carefully and thoroughly. Units of UBS funds mentioned herein may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units. Commissions and costs have a negative impact on performance. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency fluctuations. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient. The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient's personal use and information purposes only. © UBS 2014. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.