

# UBS Global Asset Management

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March 22, 2011



# Cautionary Statement Regarding Forward-Looking Statements

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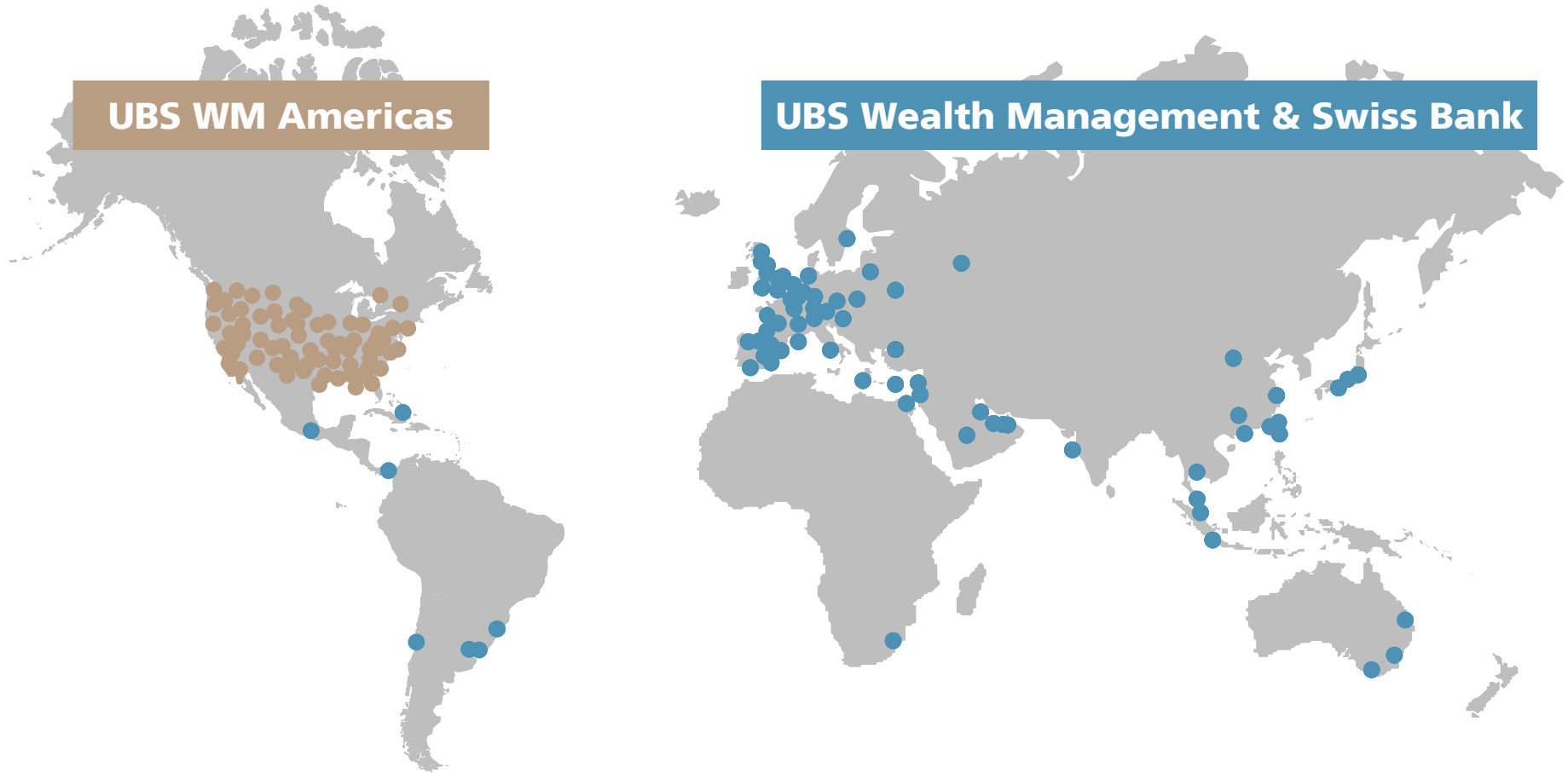
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# Partnering with our internal businesses

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**UBS Investment Bank**

**UBS Global Asset Management**



Note: Branch network in US and Europe illustrative

# Key messages

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Our diversified business model across regions, capabilities and distribution channels remains the valid choice

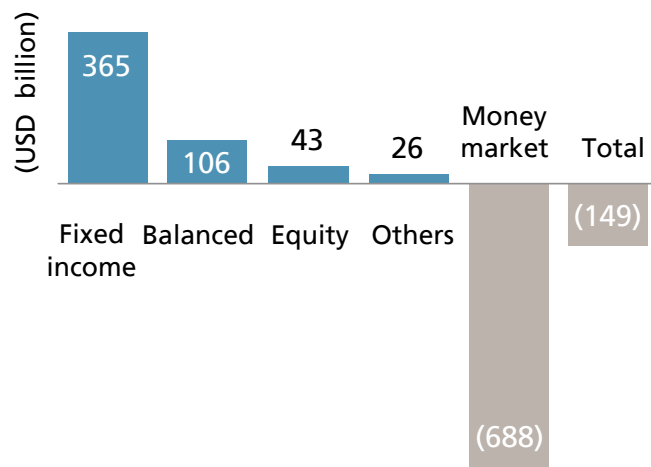
We are building on strong third party institutional net inflows and capitalizing on our established emerging market positions

We are launching intensified third party wholesale initiatives in the Americas and Europe and targeting the US defined contribution plans

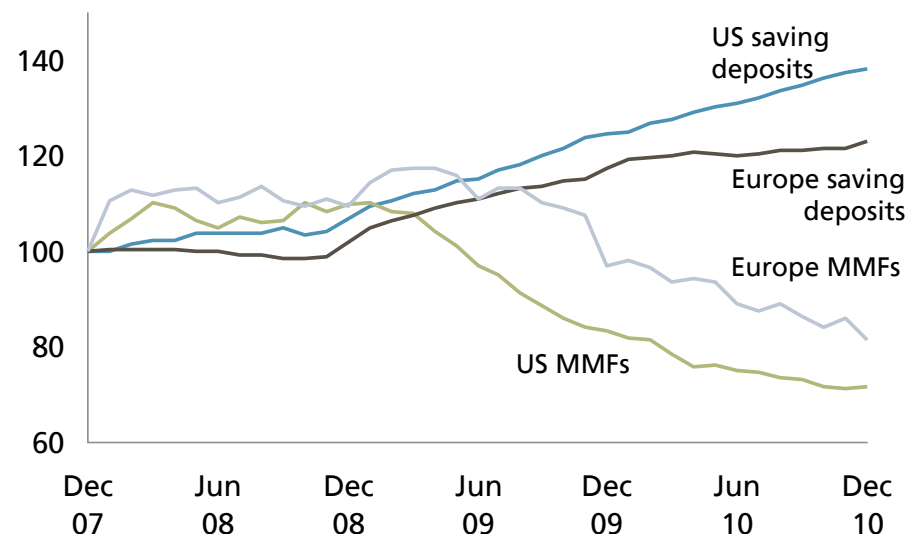
# Current industry environment

**Risk appetite and low yields**

**Net new money of mutual funds<sup>1</sup>**



**Deposits and retail money funds<sup>2</sup>**



- Reduced investor risk appetite has driven a shift from actively managed funds
- Money market funds (MMFs) have seen major outflows in favour of bank deposits
- Inflows in equity funds have rebounded and fixed income flows slowed

**Margins**

- Industry shift towards passive funds putting pressure on margins

**Regulatory environment**

- New regulation is still being developed but no undue constraints for asset managers anticipated

<sup>1</sup> Net new money figures include US and European mutual funds and are for 2010. Source: ICI, EFAMA

<sup>2</sup> Figures indexed to 100 from end of 2007. Figures updated to December 2010. Excluding Ireland. Source: Federal Reserve, ECB

# UBS Global Asset Management business structure

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**UBS Global Asset Management's investment capabilities are globally coordinated but with boutique-like discretion wherever possible...**

Equities

Fixed Income

Alternative and Quantitative Investments

Global Real Estate

Global Investment Solutions

Infrastructure

Fund Services

**...distribution is regionally organized...**

Americas

Switzerland

Europe

Asia Pacific

Global Sovereign Markets<sup>1</sup>

**...and supported by global functions**

Consultant Relationships

Financial Control<sup>2</sup>

Human Resources<sup>2</sup>

IT<sup>2</sup>

Legal & Compliance<sup>2</sup>

Communications<sup>2</sup>

Operations & Fund Treasury

Risk Control<sup>2</sup>

Strategic Planning



**UBS**

<sup>1</sup> Works in close coordination with Region Heads and the Pan Asia Institutional team

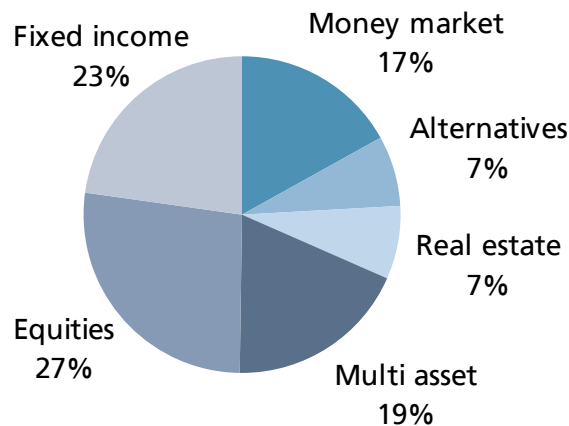
<sup>2</sup> Reports to UBS Group Functional Head

# Diversified business model...

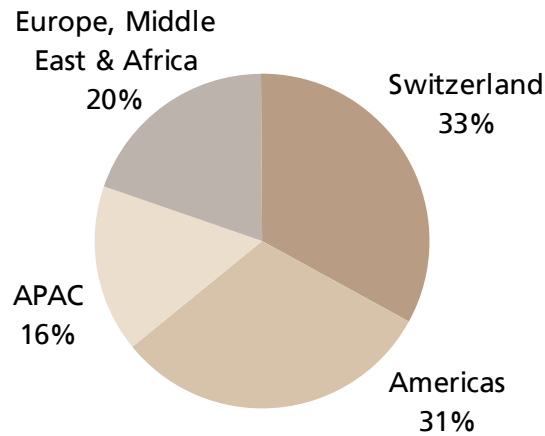
...enables us to capture opportunities in shifting market dynamics

**Invested assets 31.12.10: CHF 559 billion**

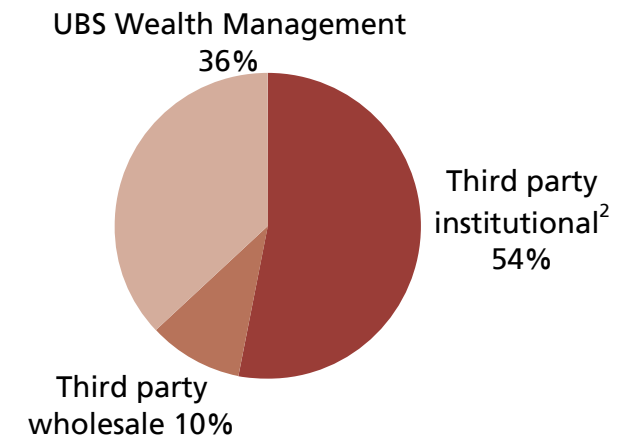
## Asset classes<sup>1</sup>



## Regions<sup>1</sup>



## Distribution channels<sup>1</sup>

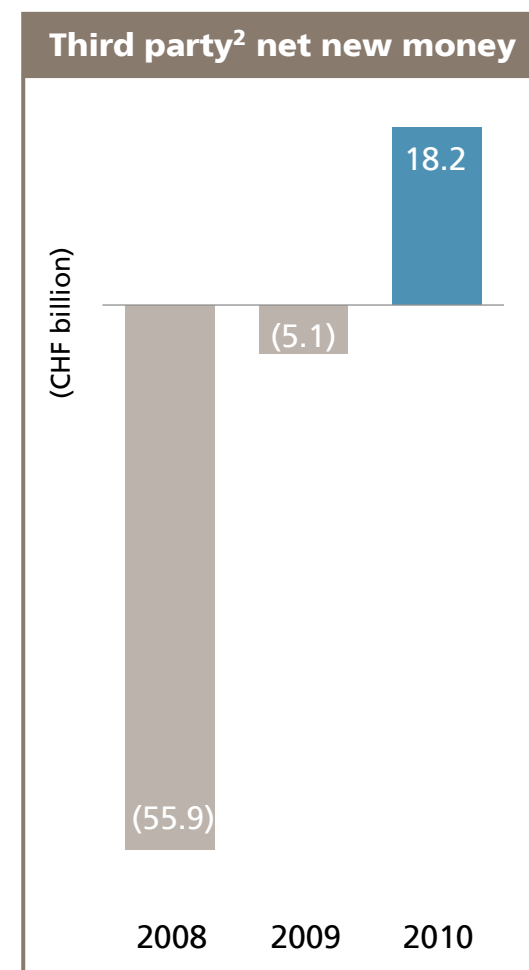


# Monetizing investment performance

## Performance in key strategies relative to benchmark, 31.12, 2010<sup>1</sup>

<span style="background-color: #4F81BD; color: white; padding: 2px;">+/=</span> Above or equal to benchmark
<span style="background-color: #A9A9A9; color: black; padding: 2px;">-</span> Below benchmark

	Quarter	1 year	<u>Annualized</u>	
			3 years	5 years
<b>Equity</b>				
Global Equity Composite	+	+	+	+
US Large Cap Equity Composite	-	-	-	-
Pan European Equity Composite	-	-	+	+
Swiss Equity Composite	+	+	+	+
Asian Equity Composite	-	-	+	+
Emerging Equity Composite	+	-	-	+
Global Ex US Growth Equity Composite	+	+	-	+
US Large Cap Select Growth Equity Composite	-	-	+	+
<b>Fixed Income</b>				
Global Bond Composite	+	+	+	=
US Core Bond Composite	+	+	-	-
EUR Aggregate Bond Composite	+	+	+	+
Swiss Bond Composite	+	+	+	+
Australian Bond Composite	+	+	+	+
Emerging Market Bond Composite	+	+	-	+
<b>Multi- Asset</b>				
Global Securities Composite	+	+	-	-





# Grow third party institutional and wholesale businesses...

## Progress since 2009<sup>1</sup>

## Current focus areas

### Institutional

- **Passive investments:** expanded our capabilities across traditional passive, non-standard indices, replicating and swap-based ETFs – in collaboration with IB
  - We now have 70 ETFs launched
  - Significant success in China and UK (e.g. recent Passive Global Equities mandate with UK NEST)
- **Continued collaboration with IB**

- **Defined contribution:** launched initiative to target top US DC plans
- **Structured Solutions:** create a dedicated team around key new hires to deliver a full range of derivative and risk management capabilities
- **Sovereign clients:** bring our successful regional activities under one umbrella with a dedicated Global Sovereign Markets team
- **Hedge funds:** targeted hires to drive the expansion of Alternative and Quantitative Investments

### Wholesale

- **US:** established distribution agreements with top broker-dealers
- **APAC:** captured strong growth in key markets, in particular Japan
- **EMEA:** re-designed the European wholesale mutual fund range to cater to local market needs

- **US:** aggressively market capabilities via top broker-dealers, distributing higher value-added strategies
- **EMEA:** establish a dedicated team and leverage a more focused UCITS platform while accelerating ETF distribution

# ...while participating in WM's return to growth

## Capturing benefits of increased integration

### Progress since 2009<sup>1</sup>

### Current focus areas

#### Wealth Management & Swiss Bank

- **Significantly strengthened relationship**
- UBS Global Asset Management now established as preferred provider of core and passive capabilities in an open architecture environment

- Leverage Ultra High Net Worth team to provide institutional-like advice and solutions
- Concerted effort to increase distribution of UBS Global Asset Management's mutual funds
- Extend capabilities to UBS Switzerland's top 1,000 clients

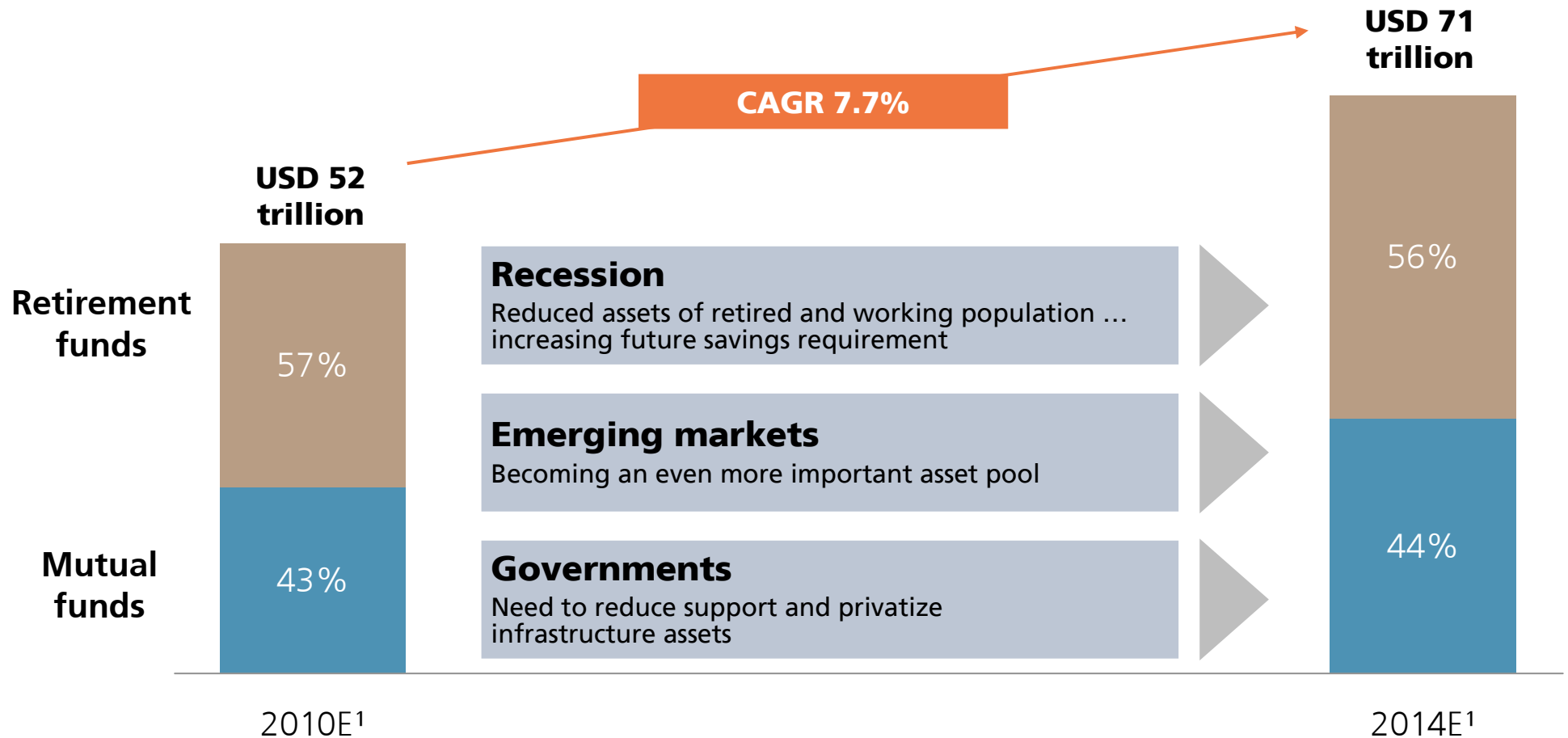
#### Wealth Management Americas

- **Substantial progress driven by high engagement with new leadership team**
- Established a process for closer consultation in product development
- Integrated WMA's fund of hedge funds business with our Alternative and Quantitative Investments business

- Refocus mutual fund product range
- Support WMA's ambition to increase penetration of alternative products to High and Ultra High Net Worth clients

# The industry outlook remains highly attractive

Structural changes will drive asset growth at a significantly faster rate than long-term GDP



# Key messages

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