

Global Asset Management

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Key messages

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

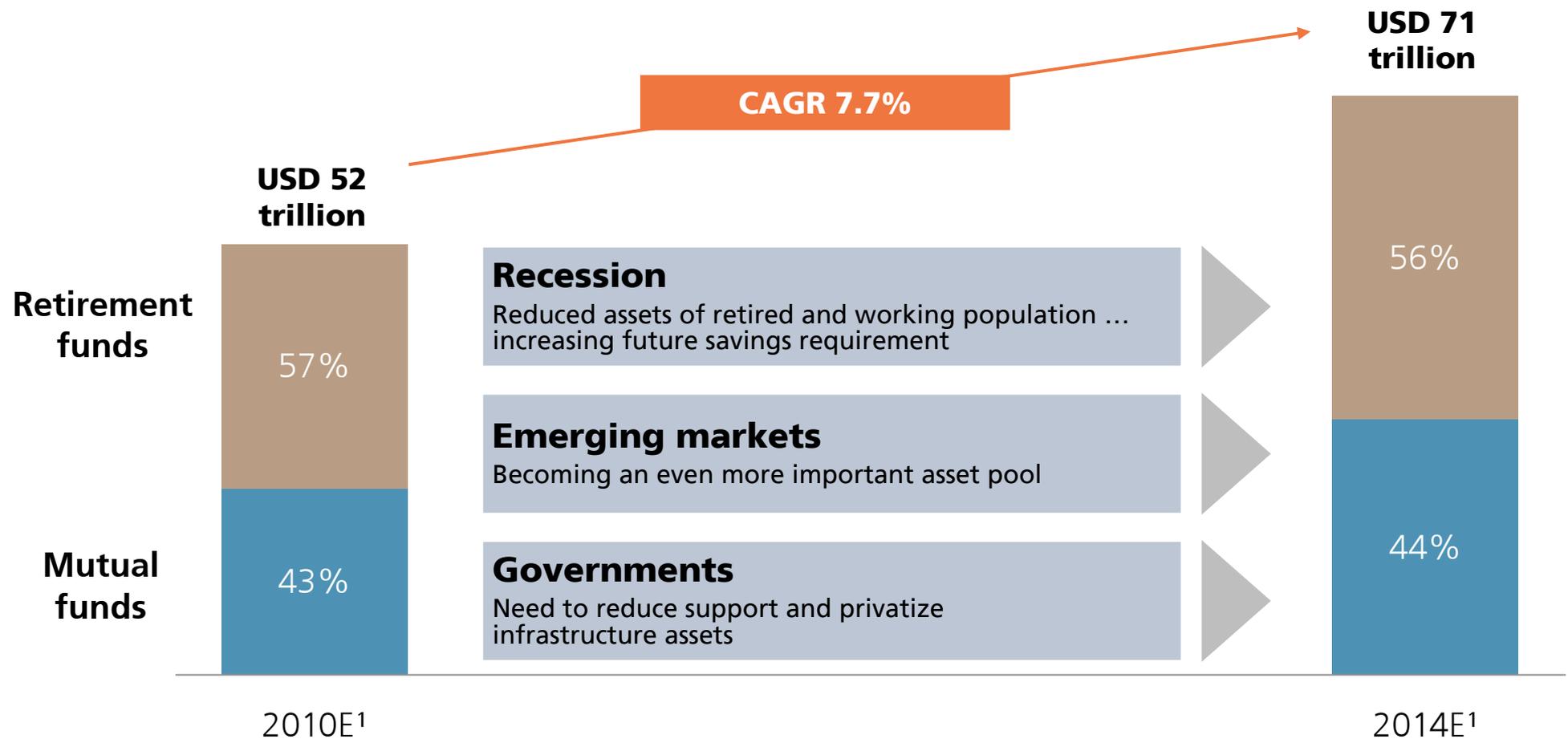
We are building on strong third party institutional net inflows while launching intensified third party wholesale initiatives in the Americas and Europe

We are capitalizing on our established emerging market positions

Our medium-term ambition remains to exceed CHF 3 billion in annual revenues with an industry-leading cost / income ratio

The industry outlook remains highly attractive

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

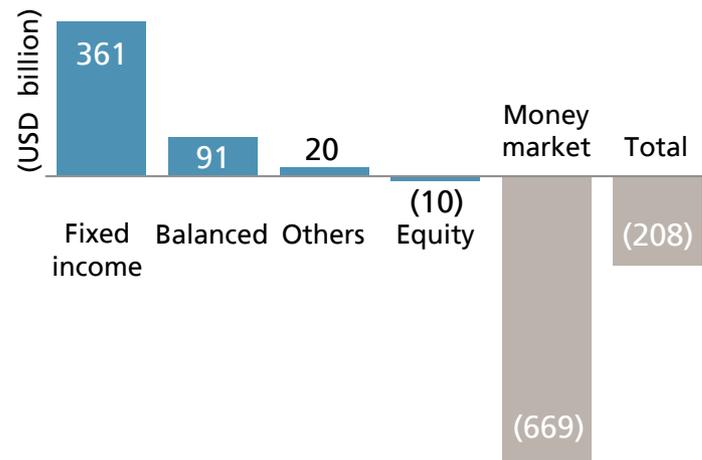


Current industry environment

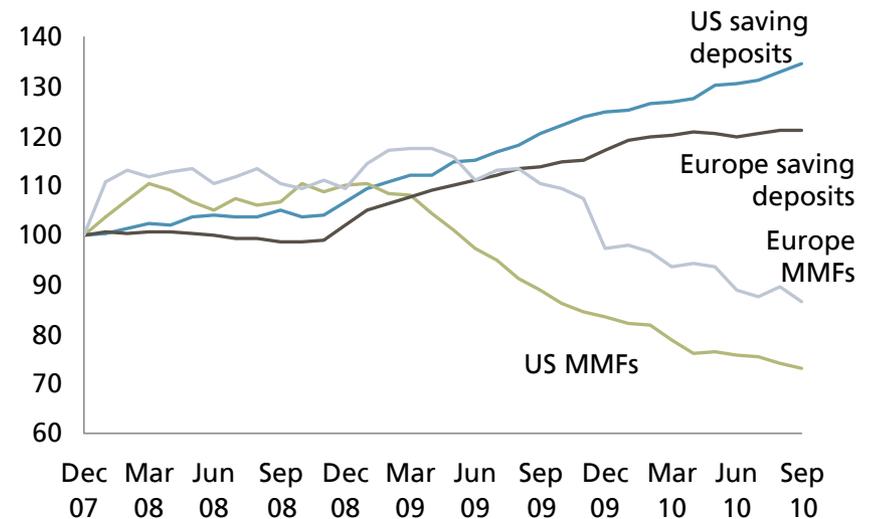
Immediate challenges

Risk appetite and low yields

Net new money of mutual funds¹



Deposits and retail money funds²



- Reduced investor risk appetite is driving a shift from actively managed mutual funds
- Money market funds have seen major outflows in favor of bank deposits

Market volatility

- Recent volatility has affected the performance of most equity asset managers

Margins

- Industry shift towards passive funds putting pressure on margins

Regulatory environment

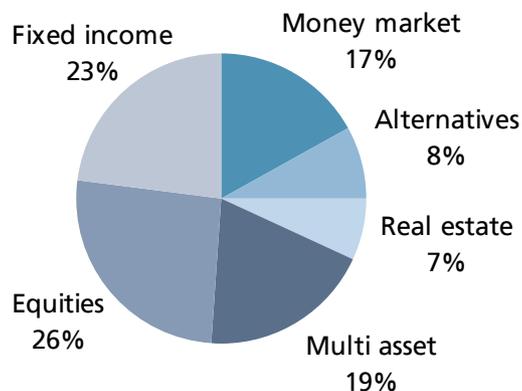
- New regulation is still being developed but no undue constraints for asset managers anticipated

Global AM's diversified business model...

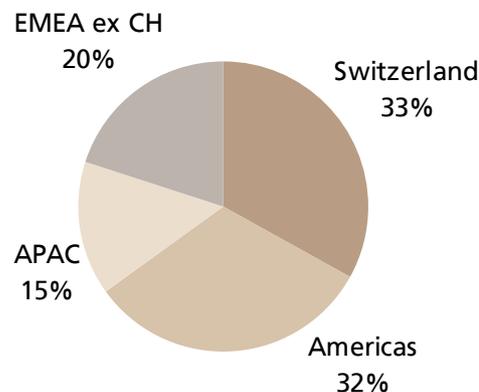
...enables us to capture opportunities in shifting market dynamics

Invested assets 30.9.10: CHF 567 billion

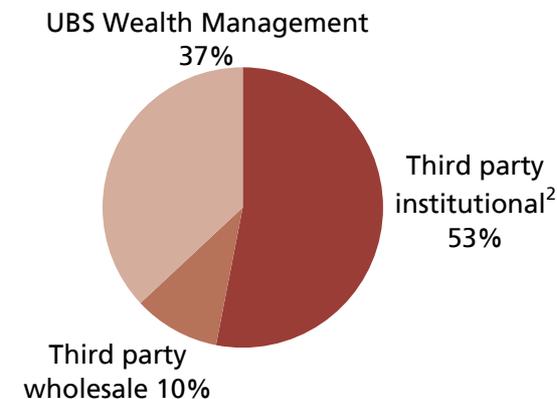
Asset classes¹



Regions¹

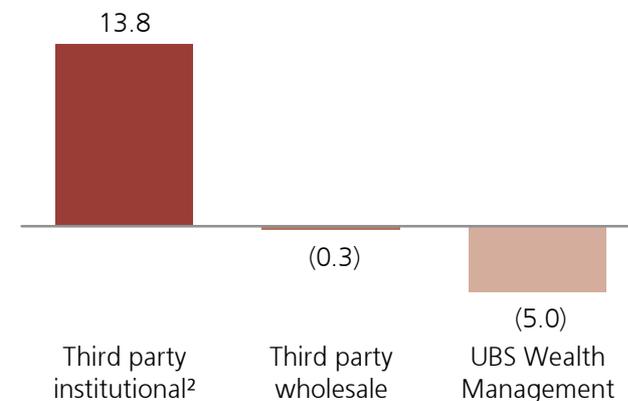
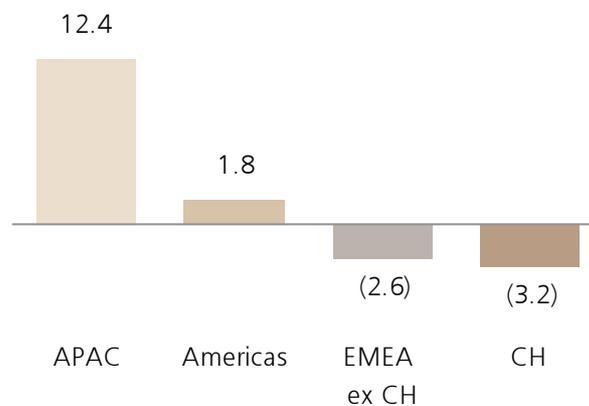
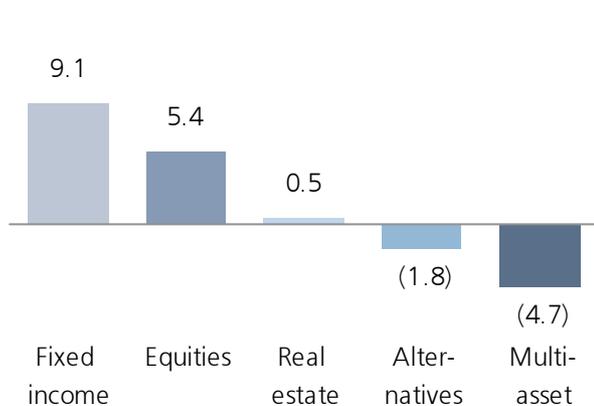


Distribution channels¹



Net new money 9M10

CHF 8.5 billion (excl. money market funds)



¹ Data represents the internal distribution view for regions and distribution channels and production view for asset classes. Alternatives includes Alternative & Quantitative Investments and Infrastructure. Multi-asset includes asset allocation, currency and risk management and is part of the traditional investments business line

² Includes UBS Investment Bank channel

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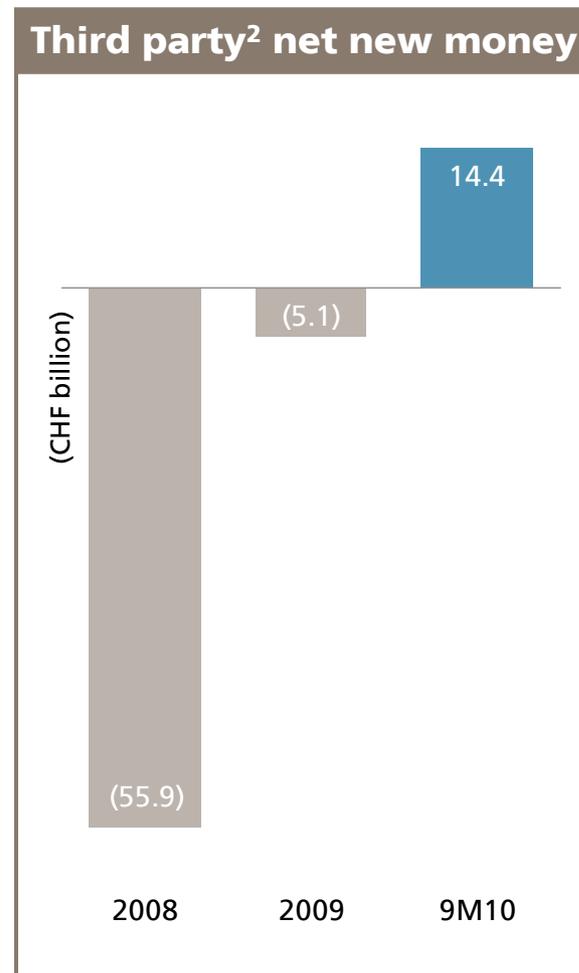
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Monetizing investment performance

Performance in key strategies relative to benchmark, 30.9.10¹

Equity	Quarter	1 year	Annualized	
			3 years	5 years
Global Equity Composite	+	+	+	+
US Large Cap Equity Composite	+	-	-	-
Pan European Equity Composite	-	+	+	+
Swiss Equity Composite	-	+	+	+
Asian Equity Composite	+	+	+	+
Emerging Equity Composite	-	-	+	+
Global Equity Ex-US Growth Composite	+	-	-	+
US Large Cap Select Growth Equity Composite	+	+	+	+
Fixed income				
Global Bond Composite	+	+	+	-
US Core Bond Composite	+	+	-	-
EUR Aggregate Bond Composite	+	+	+	+
Swiss Bond Composite	-	+	+	+
Australian Bond Composite	+	+	+	+
Emerging Market Bond Composite	+	+	-	-
Multi-asset				
Global Securities Composite	+	+	-	-



+ / = Above or equal to benchmark

- Below benchmark



¹ Performance of key composites is shown on a gross basis versus primary benchmark
² Includes UBS Investment Bank channel and money market funds

Grow third party institutional and wholesale businesses...

Progress since 2009¹

Current focus areas

Institutional

- **Passive investments:** expanded our capabilities across traditional passive, non-standard indices, replicating and swap-based ETFs (now have 46 ETFs, with 36 launched since October 2009)

- **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 & Quantitative Investments

Wholesale

- **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:** established distribution agreements with top wirehouses

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

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

Capturing benefits of increased integration

Progress since 2009¹

Current focus areas

Wealth Management & Swiss Bank

- **Significantly strengthened relationship**
- Global AM 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 Global AM'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 & 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

Key messages

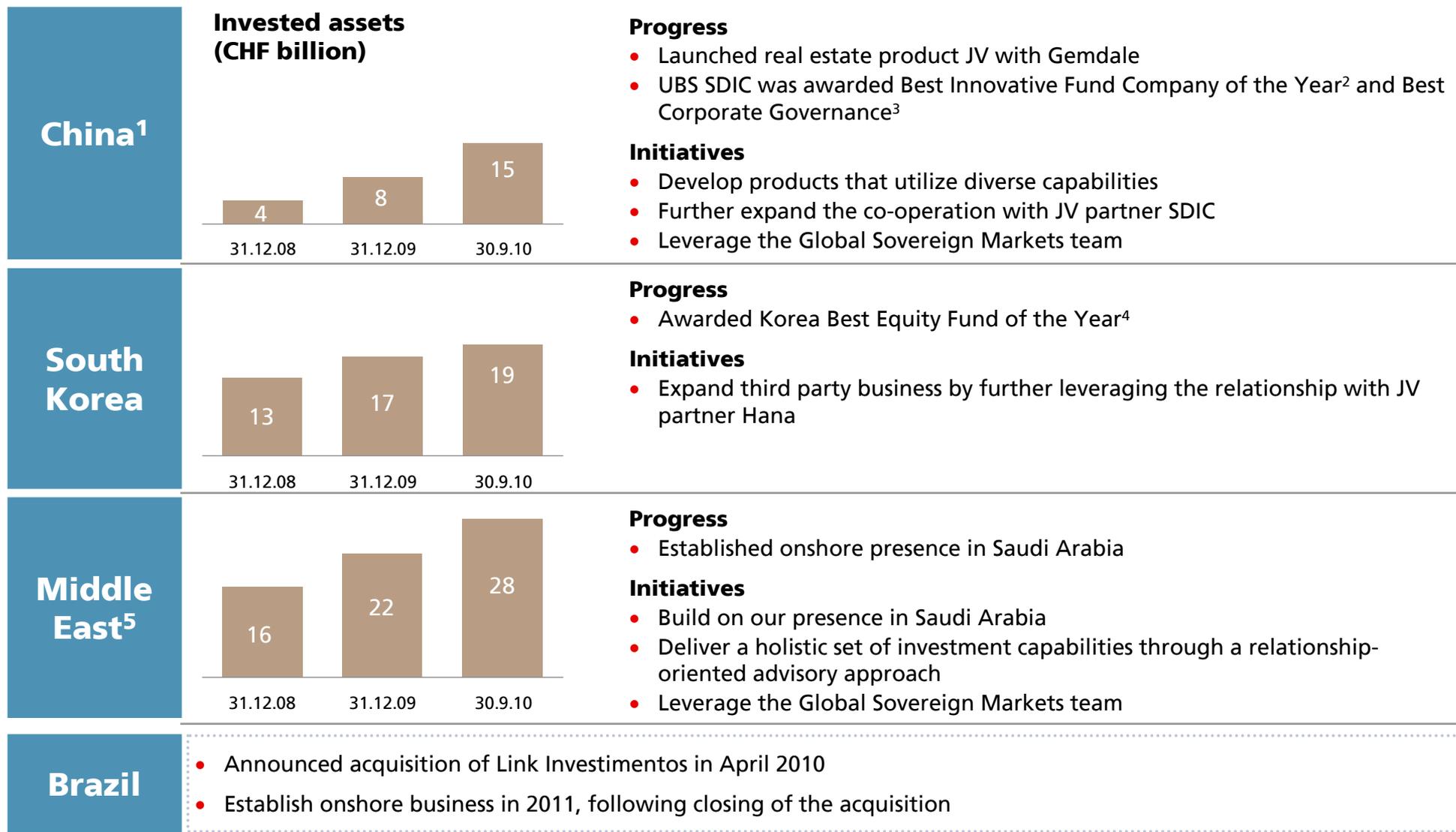
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Capitalize on emerging market opportunities



¹ China figures include traditional and non-traditional institutional mandates, QFII funds and a non-consolidated JV's assets (not part of Global Asset Management's invested asset figure as reported)

² Phoenix Finance Fund Companies of the year event

³ 2009 Fund Leader Summit in Beijing

⁴ Awarded by Korea Economic Daily in 2010 for the performance in 2009

⁵ Includes Africa and Commonwealth of Independent States (CIS)

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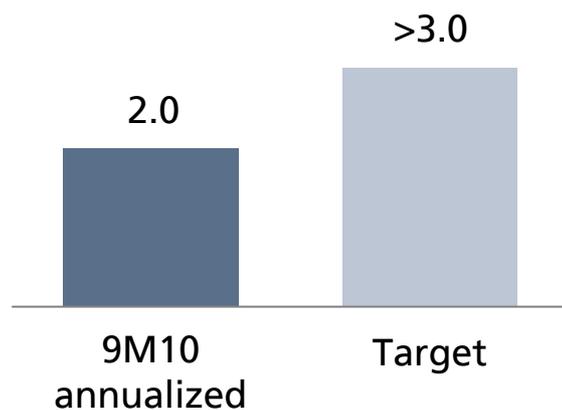
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We reconfirm our medium-term targets

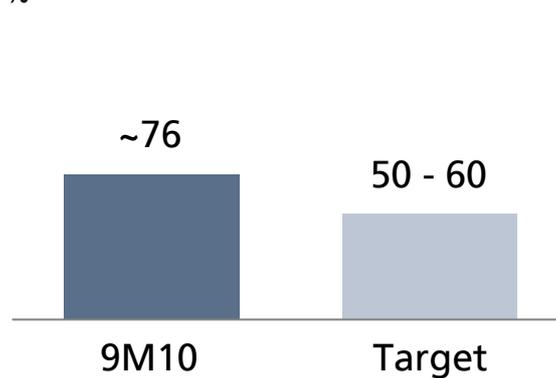
Operating income

CHF billion



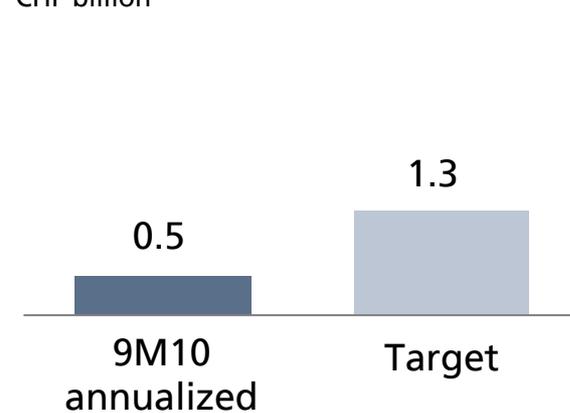
Cost / income ratio

%



Profit before tax

CHF billion



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