

# Family businesses

**Families:** a success factor and return generator

## Open End PERLES on the Solactive Swiss Family Owned Companies Index

### I. Model for success

At the latest since the global financial crisis the standing of family-owned companies on the capital market has grown considerably. Stability and resilience are namely the decisive characteristics of the species, meaning that family-owned companies think in terms of generations and not months. The Solactive Global Family Owned Companies Index was launched in 2015 to raise investor awareness of this highly promising investment theme ([ubs.com/global-family-companies](http://ubs.com/global-family-companies)). Now there is a Swiss version of this successful concept, namely the Solactive Swiss Family Owned Companies Index.

### II. Unearthing the secret to their success

A study by UBS Global Research (source: "Q-Series - Why do Family-Controlled Public Companies Outperform? The Value of Disciplined Governance", September 29, 2016) highlights the advantages of this ownership structure. Firstly, companies controlled by families are more profitable and, secondly, their share prices are less volatile than their peers in global large cap indexes. UBS Global Research believes that more efficient governance and disciplined cost management are the main reasons why family-controlled companies outperform their peers. Rigorous succession planning also plays a big role. The world's 500 largest family-owned companies are being run by the fourth generation on average. That builds trust for the future.

### III. Quiet champions in one package

The University of St. Gallen is also deeply interested in this subject. It even maintains a research and education center on family businesses. Together with the consulting firm EY (Ernst & Young), the St. Gallen researchers have launched the Global Family Business Index comprising the world's 500 largest family-owned companies by sales. Listed and unlisted companies are treated differently, however. Listed companies only count as family-owned if one family holds at least 32 percent of their voting rights. All members of the Solactive Swiss Family Owned Companies Index meet the condition.

For marketing purposes only



#### SVSP product type

Tracker certificates (1300)

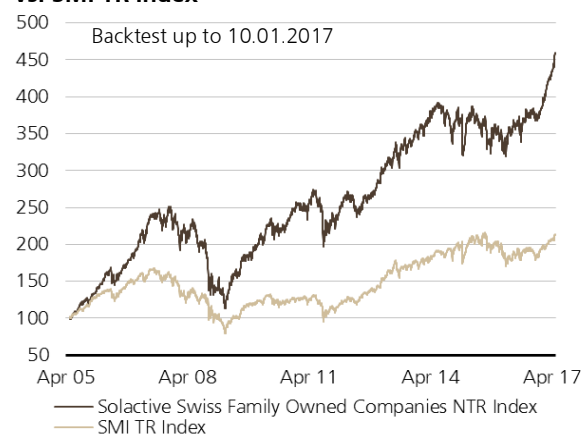
**Currency**  
CHF

**Valor**  
35010174

**SIX Symbol**  
FAMSUU

[keyinvest-ch-en.ubs.com/swiss-family-companies](http://keyinvest-ch-en.ubs.com/swiss-family-companies)

#### Solactive Swiss Family Owned Companies NTR Index vs. SMI TR Index



	Solactive Swiss Family Owned Companies NTR Index	SMI TR Index
Return p.a.	13.1%	6.3%
Volatility p.a.	19.2%	17.8%
Sharpe Ratio	0.68	0.35

Source: Bloomberg, UBS /Period: 01.05.2005 to 23.05.2017.  
This chart represents a historical review before 10.01.2017 of the Solactive Swiss Family Owned Companies Index. This historical data is not a reliable indicator for the future performance.

#### IV. Ingenious index design

A multi-generational planning horizon should be particularly attractive to long-term investors. The only question is how to gain exposure. To meet this need, UBS launched Open End Perles on the Solactive Swiss Family Owned Companies TR Index.

From this international selection only companies whose headquarters are based in Switzerland are included. These companies have to fulfil other criteria, in that the family has to hold at least 32% of the shares in their company. In addition, the stock must have a minimum average daily trading volume of 500,000 Swiss francs for the last three months. The included equities are weighted quarterly in January, April, July and October based on their inverse 12-month volatility, and an equity may account for a maximum index share of 20%. The dynamic methodology ensures that no clustering occurs and that the index can regularly adjust to the current market conditions. In the starting line-up of the Solactive Swiss Family Owned Companies TR Index Swiss mid-caps set the tone: The four titles from the SMIM™ account for just under half of the index's weight. The trio from the SMI™ contribute around 30%, with the remainder coming from the two second-line stocks Bucher Industries and DKSH Holding.

The tracker-certificates give investors the opportunity to gain broadly diversified exposure to families as a success factor. The index's composition is dynamic and adapts to market events. The indexing system includes an annual review of the composition and possible adjustment as well as quarterly rebalancing of the index weights.

#### V. Members of the Solactive Swiss Family Owned Companies NTR Index

<b>Unternehmen</b>	<b>Market capitalization (in CHF bn)</b>	<b>Weighting</b>	<b>Historical 90-day volatility</b>
Barry Callebaut AG	7.6	11.27%	14.2%
Bucher Industries AG	3.3	9.51%	18.7%
Cie Financiere Richemont SA	48.6	7.73%	21.9%
DKSH Holding AG	5.4	10.00%	20.4%
Kuehne + Nagel International A	18.6	14.26%	11.9%
Roche Holding AG	229.7	11.93%	17.0%
Schindler Holding AG	21.8	13.45%	11.8%
Sika AG	16.1	9.81%	13.8%
Schmolz + Bickenbach AG	0.9	4.00%	32.8%
Swatch Group AG	22.3	8.03%	20.8%

As of: 23.05.2017

Source: Solactive (the current index composition and weighting is published daily on [www.solactive.com](http://www.solactive.com))

## VI. Product solutions

Open End PERLES on the Solactive Swiss Family Owned Companies Index mirror the performance of the underlying index, which reinvests any net dividends paid to the index members, after deducting a management fee of 0.75 percent p.a. with unlimited duration.

<b>Issuer</b>	UBS AG, London Branch
<b>SVSP product type</b>	Tracker certificates (1300)
<b>Conversion ratio</b>	1:1
<b>Management fee</b>	0.75% p.a.
<b>Expiry</b>	Open End
<b>Underlying (Currency)</b>	Solactive Swiss Family Owned Companies Net Total Return Index (CHF)
<b>Issue price</b>	CHF 100.00
<b>ISIN / SIX Symbol</b>	CH0350101744 /FAMSUU

## VII. Opportunities

- Equity-linked exposure to potential gains in the share prices of swiss family-run companies.
- The highly regarded University of St. Gallen and the consulting firm EY provide the underlying universe.
- Designed, composed and calculated by Solactive AG, an experienced index provider.
- Index uses lowest volatility design.
- Highly flexible, up-to-date positioning thanks to quarterly reweighting.
- Tradable every trading day under normal trading conditions.
- No fixed term restriction.

## VIII. Risks

- No capital protection: investors run the risk of losing their investment if the price of the underlying index worsens.
- Investors bear the issuer risk and could lose their investment if the issuer files for bankruptcy.
- The issuer intends to ensure liquidity in normal market phases on trading days. However, investors should realize that they may not be able to buy /sell the product at any point in time.
- The issuer has the right to terminate the product if certain conditions are met.

### Investor profile

Solutions for investors with experience in stock market topics and structured products and with a medium to increased risk tolerance who would like to participate in the performance of the equities included in the index at little capital and administrative expense.

For other products and information on opportunities and risks visit: [ubs.com/keyinvest](https://ubs.com/keyinvest)

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