

# Gender diversity

## Gender-focused investment in listed companies

For marketing purposes only

### Open End PERLES on the Solactive Global Gender Diversity Index

#### I. Gender diversity gains importance

Traditional gender images are increasingly breaking up. Activities and behavioral patterns that previously were reserved for men are now also a matter of course for women too – the same applies in reverse. The importance of gender does not stop at the doors of business either. It's true, many senior management floors are still the domain of men. However, analyses show to what degree the development of heterogeneous management teams can benefit companies.

#### II. Social and economic effects

A study by the Peterson Institute for International Economics yields a strong correlation between the presence of women in management bodies and company performance. Accordingly, for profitable firms the rise in the share of female executives from zero to 30 percent means an increase in the net profit margin by 15 percent.<sup>1</sup> UBS CIO WM also grants high importance to gender diversity. The indirect strengthening of women through targeted investments can, according to the experts, produce positive effects that go far beyond the financial investment returns.

#### III. Gender portfolio hits the market

For most investors, performance is the focus first and foremost. UBS CIO WM concludes in a study that companies with at least 20 percent women in management positions are more profitable than companies with a lower percentage of women among their executives.<sup>2</sup> The Solactive Global Gender Diversity Index was created with the goal of systematically recording the investment theme of gender diversity. The index comprises globally active companies from industrialized countries that are successfully working toward gender diversity and who view this orientation as a part of their CSR strategy (CSR stands for Corporate Social Responsibility).



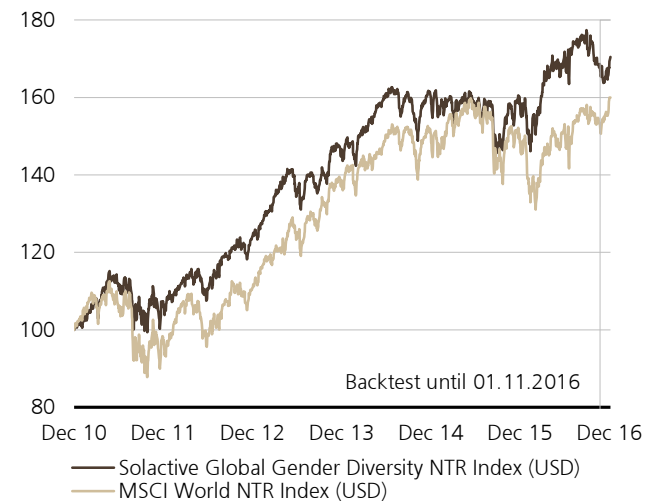
#### SVSP product type

Tracker certificates (1300)

Currency	Valor	SIX Symbol
CHF	34370607	GENCHU
EUR	34370608	GENEUU
USD	34370609	GENUSU

[ubs.com/gender-diversity](https://ubs.com/gender-diversity)

#### Solactive Global Gender Diversity NTR Index vs. MSCI World NTR Index



	Solactive Global Gender Diversity NTR Index	MSCI World NTR Index
Return p.a.	8.9%	7.8%
Volatility p.a.	11.3%	13.6%
Sharpe Ratio	0.79	0.57

<sup>1</sup>Marcus Noland, Tyler Moran, Barbara Kotschwar: "Is Gender Diversity Profitable?", Peterson Institute for International Economics, 2016.

<sup>2</sup>UBS CIO: Nachhaltiges Anlegen – Update: Gender-Diversität ist wichtig, 13.11.2016

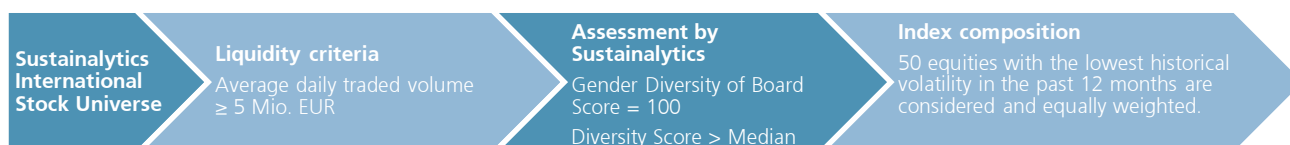
Source: Bloomberg, UBS /Period: 01.06.2006 to 27.02.2017.

This chart represents a historical review before 01.11.2016 of the Solactive Global Gender Diversity Index. This historical data is not a reliable indicator for the future performance.

#### IV. Ingenious index design

The index construction occurs according to a multi-level process that is undertaken quarterly. Initially only those equities are considered whose daily average trading volume has achieved at least five million euros in the past three months. In addition, they have to belong to the selection universe of the analysis company Sustainalytics specialized in sustainability topics.

All companies are selected from this base whose "Gender Diversity of Board Score" is at 100 according to Sustainalytics. This value measures the gender diversity of Boards of Directors and Supervisory Boards. In the next step the Diversity Score, a measure for the diversity of the entire company, is examined. Only those companies remain whose score exceeds the median. Of these the 50 securities whose price volatility was the lowest in the past twelve months are then added to the index.



This process can lead to the situation where equities from companies with model gender diversity are still not represented in the Solactive Global Gender Diversity Index because their volatility in the past observation period was comparably high. For this reason, UBS's equity is not currently found among the 50 selected equities even though UBS fulfills all diversity criteria. The selected members are weighted equally at the quarterly adjustment of the index (March, June, September and December).

#### V. Top 20 members of the Solactive Gender Diversity Index

Company	Country	Market capitalization (in bn USD)	Weight
Alphabet	USA	556.0	2.0%
Johnson & Johnson	USA	312.8	2.0%
Procter & Gamble	USA	225.8	2.1%
Nestle	Switzerland	224.7	2.1%
Pfizer	USA	199.2	2.1%
Novartis	Switzerland	192.2	1.9%
CLP Holdings	China	184.7	2.0%
Oracle	USA	167.8	2.0%
Walt Disney	USA	165.6	2.0%
IBM	USA	160.2	2.0%
Commonwealth Bank of Australia	Australia	139.0	2.0%
Royal Bank of Canada	Canada	134.7	2.0%
Toronto-Dominion Bank	Canada	122.2	1.9%
United Parcel Service	USA	102.3	2.0%
Unilever	Great Britain	94.9	2.0%
Bank of Nova Scotia	Canada	92.5	2.0%
US Bancorp	USA	87.9	2.0%
Orkla ASA	Norway	77.7	1.9%
Lockheed Martin	USA	73.9	2.0%
GlaxoSmithKline	Great Britain	73.9	2.0%

As of: 27.02.2017

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

## VI. Product solutions

The Open End PERLES on the Solactive Global Gender Diversity Indices mirrors 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	UBS AG, London Branch	UBS AG, London Branch
<b>SVSP product type</b>	Tracker certificates (1300)	Tracker certificates (1300)	Tracker certificates (1300)
<b>Conversion ratio</b>	1:1	1:1	1:1
<b>Management fee</b>	0.75% p.a.	0.75% p.a.	0.75% p.a.
<b>Expiry</b>	Open End	Open End	Open End
<b>Underlying (Currency)</b>	Solactive Global Gender Diversity NTR Index (CHF)	Solactive Global Gender Diversity NTR Index (EUR)	Solactive Global Gender Diversity NTR Index (USD)
<b>Issue price</b>	CHF 100.00	EUR 100.00	USD 100.00
<b>ISIN / SIX Symbol</b>	CH0343706070 / GENCHU	CH0343706088 / GENEUU	CH0343706096 / GENUSU

## VII. Opportunities

- Participation in a broadly diversified share index with 50 international companies that are successfully working toward gender diversity and who view this orientation as part of their CSR strategy (CSR stands for Corporate Social Responsibility).
- 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.
- In some sectors and countries women in management positions tend to be underrepresented. This could lead to a stronger weighting of individual sectors or countries compared to the broader equity benchmarks.
- 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.
- As the stocks included in the index may be listed in different currencies and the product does not have any currency hedges, the investor may also be exposed to an exchange rate risk, which may adversely affect the value of the product.

### 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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