

Guru-Index

Investing like the the pros

Open End PERLES on the Solactive Guru NTR Index

Guru – Investing like the pros

The Solactive Guru Net Total Return Index reflects the development of the top equity holdings of selected Hedge Funds and investment companies which principally invest in equities and follow a Buy-and-Hold strategy. While applying this strategy, good market knowledge and detailed analysis could make the difference between success and failure. For this reason, investment decisions of established hedge fund managers may be a valuable source of knowledge. The concept of the Solactive Guru Net Total Return Index is to tap into this knowledge.

Cost efficient access to hedge fund expertise

Hedge funds use significant resources for the search of attractive investment opportunities. That is why their investment decisions are often the result of a costly and time-consuming process. Hedge funds usually demand high fees from their investors to finance these expenses. It is not unusual that a volume based yearly management fee of 2% and a performance fee of 20% are charged.

The index provider Solactive uses a publicly accessible document for the determination of the components of the Solactive Guru Net Total Return Index, which every investment company in the U.S. that surpasses a certain amount of assets under management has to disclose. Since this document shows the top positions of every hedge fund, the Open End PERLES on the Solactive Guru Net Total Return Index allows investors to participate one to one in these top equity positions. A management fee of 1.20% p.a. applies.

Why do U.S. investment companies and institutional investors have to disclose their positions?

The U.S. federal agency Securities and Exchange Commission (SEC) demands a minimum of transparency from every institutional investor with 100 million USD or more invested in U.S. equities. It includes a quarterly disclosure of every position held via the Form 13F. The name of this document comes from paragraph 13 (f) of the Securities Exchange Act, which



SSPA product type
Tracker certificates (1300)

Currency	Valor	SIX Symbol
CHF	25642236	GURUCH
USD	25642235	GURUUS

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demands the corresponding disclosure obligation since 1975. These companies are therefore obliged to disclose their equity positions within 45 days after the end of the quarter and to publish them on the SEC website.

Diversified investment thanks to a smart index concept

The Solactive Guru Net Total Return Index was created by the index provider Solactive AG. The index calculation started at 100 index points on 25 May 2012. The Solactive Guru Net Total Return Index is calculated as a performance index. This means that possible dividends of the index members are reinvested in the index. The index is denominated in US-Dollars.

An adjustment of the index components takes place after the disclosure of the "13F" documents once in a quarter to capture changing hedge fund positions. In such a case, the index members are equally weighted. However, before the top holding of each investment management company is included in the Solactive Guru Net Total Return Index, the hedge fund is selected earlier in a multi stage process. This includes e.g. eliminating hedge funds with high turnover from the hedge fund pool. In such a way, the main focus of the index is on

investment companies with a long term investment horizon and an investment style which can be described as "value-oriented". In this regard it should be pointed out that the "13F" filings used to select the stocks in the index are filed by each hedge fund approximately 45 days after the end of each calendar quarter. Therefore a given hedge fund may have already sold its position by the time of the "13F" filing and the rebalancing of the index.

The product solution

The UBS Open End PERLES on the Solactive Guru Net Total Return Index track the performance of the underlying index, which rein-vests any dividends from index members after deducting the management fee of 1.20 percent without limited maturity.

Opportunities

- Investing like the pros, as the index components are chosen according to the published top holdings of carefully selected and well-established investment companies.
- Transparent and smart index concept, which uses the SEC disclosure obligation for investment companies with investments of 100 million USD or more in U.S. equities.
- Investments focus on U.S. equities.
- Diversification across the top holdings of selected Hedge Funds with quarterly rebalancing and equal weighting of the index members.
- Tradable every trading day under normal trading conditions.
- No fixed term restriction.

Risks

- No capital protection: investors run the risk of losing their investment if the price of the underlying index worsens.
- At the time of publication of the top holdings the actual portfolio of the investment companies might already have changed. It is thus possible that an adjustment in the Solactive Guru Net Total Return Index varies from the actual portfolio holdings of the selected investment companies.
- 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.
- The issuer has the right to terminate the product if certain conditions are met.

Open End PERLES in CHF

Underlying	Solactive Guru Net Total Return Index (USD)
Conversion ratio	1:1
Management fee	1.20% p.a.
Issue date	05 November 2014
Issue price	CHF 165.73
ISIN	CH0256422368
SIX Symbol	GURUCH

Open End PERLES in USD

Underlying	Solactive Guru Net Total Return Index (USD)
Conversion ratio	1:1
Management fee	1.20% p.a.
Issue date	05 November 2014
Issue price	USD 174.74
ISIN	CH0256422350
SIX Symbol	GURUUS

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

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