

Harvesting low-hanging fruits: *dividend-strong value equities* with high standards.



Open End PERLES on UBS Global Quality Dividend Payers Total Return Index

I. Investment idea: quality asserts itself

Quality asserts itself in the long term – even on the exchange. Following this basic principle, the UBS Global Quality Dividend Payers Index is banking on 30 selected value equities. This selection occurs quarterly from a global equity universe of more than 3,300 securities. The basic idea behind it is that an investment in selected quality equities should offer a more stable performance compared to the overall market.

II. Does an attractive dividend yield constitute a value equity?

Value equities are characterized by sustainably profitable business on the part of the respective corporation. Since flourishing companies as a rule distribute an attractive dividend to their shareholders when compared to their sector, a high dividend yield (ratio of dividend to the share price) is generally considered a strong indication of a value equity. Nonetheless, a high dividend yield should not serve separately as the sole selection criterion, because a high dividend yield can also be the result of a previously strong price loss and point to problems in business. In addition, telecommunications securities and utilities, for instance, traditionally boast a relatively high dividend yield, but are not necessarily among the equities with the strongest prospects for growth.

SVSP Category
Tracker certificate
(1300)

Currency: security / SIX Symbol
CHF: 18582861 / DIVQC
USD: 18582862 / DIVQD
EUR: 18582863 / DIVQE

UBS Global Quality Dividend Payers TR (USD) vs. MSCI AC World Daily Net TR (USD)

January 2007 – April 2015



— UBS GQDP TR (USD)
— MSCI AC World TR (USD)

Data partially backtested – please note the corresponding disclaimer.
Historical performance is no indicator for future performance.
Source: Bloomberg, UBS AG.

III. Refined filter process for higher hit rate

The UBS Global Quality Dividend Payers Index therefore provides more selection criteria than just an attractive dividend yield. In order to make the select circle of value-strong index members, each corporation, for instance, has to have a healthy balance sheet, an appealing return on equity as well as sustainable turnover and earnings growth. The set of rules defined by UBS Investment Bank Research also targets a balanced mix with regard to sector and country allocation. For this, the index portfolio essentially follows the weighting of the much respected MSCI World Index, but on the basis of the assessments of UBS Investment Bank Research may deliberately deviate from this. In this way, on a quarterly basis the UBS Global Quality Dividend Payers Index becomes more strongly geared to those sectors and countries from which the experts expect above-average earnings momentum.

All filter criteria serve a single goal: the long-term prospects of the broadly diversified index portfolio are to be increased to above-average and stable performance. It goes without saying that the UBS Global Quality Dividend Payers Index pursues a total return approach. That means that the potential dividends of the 30 value equities included are taken into account in the index performance.

IV. Index composition

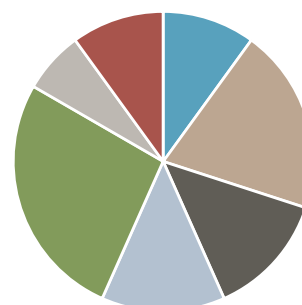
Companies	Weight	Companies	Weight
Agrium	3.33%	Novartis	3.33%
Allianz	3.33%	Paccar	3.33%
Amgen	3.33%	Pepsico	3.33%
Anheuser-Busch	3.33%	Rockwell Automation	3.33%
Apple	3.33%	Schlumberger	3.33%
Assicurazioni Generali	3.33%	Schroders	3.33%
Bank Of China	3.33%	Sempra Energy	3.33%
Bhp Billiton	3.33%	Sonova	3.33%
Cisco Systems	3.33%	Svenska Cellulosa	3.33%
Eaton Corp	3.33%	Telenor	3.33%
Infineon Technologies	3.33%	Toronto-Dominion Bank	3.33%
Kinder Morgan	3.33%	Travis Perkins	3.33%
Marsh & McLennan	3.33%	WPP	3.33%
McDonald's	3.33%	Yum! Brands	3.33%
Merck & Co.	3.33%		
Microsoft	3.33%	Cash	0.10%

Last updated:15.04.2015.
Source: Bloomberg, UBS.

	UBS Global Quality Div. Payers Index	MSCI AC World Index
Return p.a.	10.47%	2.02%
Volatility p.a.	18.86%	19.08%
Sharpe ratio	0.56	0.11

Last updated:15.04.2015.
Source: Bloomberg, UBS

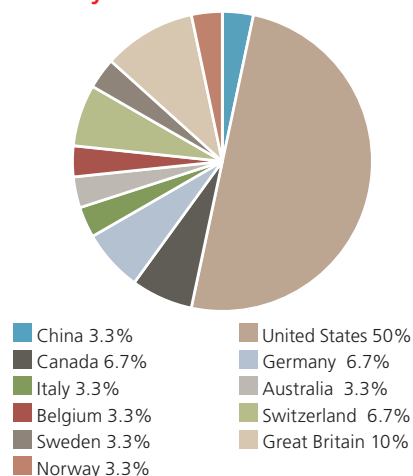
Sector Allocation



The sector weighting is geared to the MSCI AC World Index and can change in the future.

Last updated:15.04.2015.
Source: Bloomberg, UBS

Country Allocation



During country allocation, attention is paid to global diversification. This can change in the future.

Last updated:15.04.2015.
Source: Bloomberg, UBS.

V. Product information

Open End PERLES on the UBS Global Quality Dividend Payers Index represent a cost-efficient and convenient option for participating permanently in the regularly adjusted and globally diversified quality index with just one transaction.

CHF-Tranche

Underlying (currency)	UBS Global Quality Dividend Payers Total Return Index (CHF)
Issue level	CHF 118.25
Valor / ISIN / SIX Symbol	18582861 / CH0185828610 / DIVQC

USD-Tranche

Underlying (currency)	UBS Global Quality Dividend Payers Total Return Index (USD)
Issue level	USD 156.71
Valor / ISIN / SIX Symbol	18582862 / CH0185828628 / DIVQD

EUR-Tranche

Underlying (currency)	UBS Global Quality Dividend Payers Total Return Index (EUR)
Issue level	EUR 158.46
Valor / ISIN / SIX Symbol	18582863 / CH0185828636 / DIVQE

Additional product information

Issuer (rating)	UBS AG, London office (Moody's: A2 / S&P: A / Fitch: A)
Issue date	15.04.2015
Maturity	Open End
Management fee	1.00% p.a.
Financial center	SIX SP Exchange

VI. Opportunities

- Convenient: participation in the UBS Global Quality Dividend Payers Index with just a single transaction.
- Stability: participation in the UBS Global Quality Dividend Payers Index, which due to dividend-strong value equities should boast a more stable performance than the overall market.
- Diversification: the index portfolio is broadly structured with regard to both the sector and the country allocation.
- Expertise: the many years of experience of UBS Investment Bank Research, which has received numerous awards, are reflected in the multitiered equity selection.
- Dividend-strong: net dividends accrued from the corporations contained in the index are reinvested in the respective index.

VII. Risks

- No capital protection: investors bear the risk of losing the capital invested.
- The issuer intends to see to the liquidity in normal market phases on trading days (over the counter). The sale of a certificate, however, may not always be possible at any given time.
- No currency hedging: possible changes in the currencies in which the equities of the index members are traded against the trading currency of the respective certificate can have a negative impact on the certificate value.
- Systematic risk: the return performance depends on the respective market conditions.
- Each investor bears the general risk that the financial situation of the issuer may worsen. In the event that the issuer becomes insolvent, the products are direct, unsecured and subordinated liabilities of the issuer.

You will find important information on the risks and opportunities associated with these products at www.ubs.com/keyinvest

VIII. Contact

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