

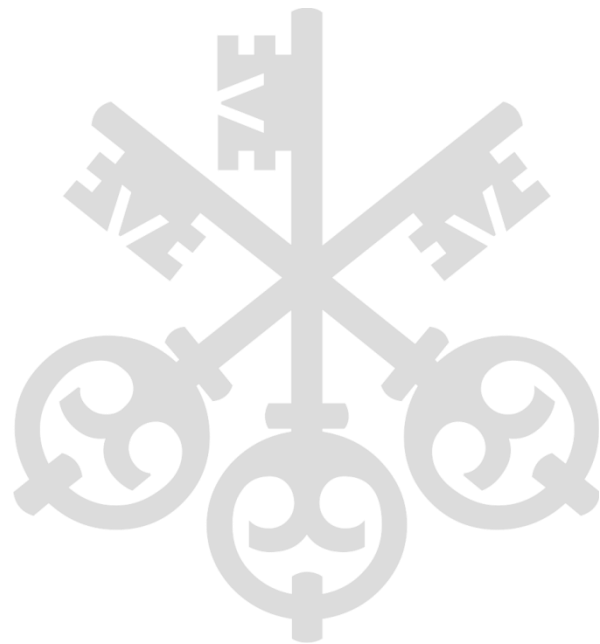


UBS Investor Update

Asset Management

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President UBS Europe, Middle East and Africa

25 October 2018



Cautionary statement regarding forward-looking statements

This presentation contains statements that constitute “forward-looking statements,” including but not limited to management’s outlook for UBS’s financial performance and statements relating to the anticipated effect of transactions and strategic initiatives on UBS’s business and future development. While these forward-looking statements represent UBS’s judgments and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from UBS’s expectations. These factors include, but are not limited to: (i) the degree to which UBS is successful in the ongoing execution of its strategic plans, including its cost reduction and efficiency initiatives and its ability to manage its levels of risk-weighted assets (RWA), including to counteract regulatory-driven increases, leverage ratio denominator, liquidity coverage ratio and other financial resources, and the degree to which UBS is successful in implementing changes to its businesses to meet changing market, regulatory and other conditions; (ii) continuing low or negative interest rate environment, developments in the macroeconomic climate and in the markets in which UBS operates or to which it is exposed, including movements in securities prices or liquidity, credit spreads, and currency exchange rates, and the effects of economic conditions, market developments, and geopolitical tensions on the financial position or creditworthiness of UBS’s clients and counterparties as well as on client sentiment and levels of activity; (iii) changes in the availability of capital and funding, including any changes in UBS’s credit spreads and ratings, as well as availability and cost of funding to meet requirements for debt eligible for total loss-absorbing capacity (TLAC); (iv) changes in or the implementation of financial legislation and regulation in Switzerland, the US, the UK and other financial centers that have imposed, or resulted in, or may do so in the future, more stringent or entity-specific capital, TLAC, leverage ratio, liquidity and funding requirements, incremental tax requirements, additional levies, limitations on permitted activities, constraints on remuneration, constraints on transfers of capital and liquidity and sharing of operational costs across the Group or other measures, and the effect these will or would have on UBS’s business activities; (v) the degree to which UBS is successful in implementing further changes to its legal structure to improve its resolvability and meet related regulatory requirements and the potential need to make further changes to the legal structure or booking model of UBS Group in response to legal and regulatory requirements, to proposals in Switzerland and other jurisdictions for mandatory structural reform of banks or systemically important institutions or to other external developments, and the extent to which such changes will have the intended effects; (vi) uncertainty as to the extent to which the Swiss Financial Market Supervisory Authority (FINMA) will confirm limited reductions of gone concern requirements due to measures to reduce resolvability risk; (vii) the uncertainty arising from the timing and nature of the UK exit from the EU and the potential need to make changes in UBS’s legal structure and operations as a result of it; (viii) changes in UBS’s competitive position, including whether differences in regulatory capital and other requirements among the major financial centers will adversely affect UBS’s ability to compete in certain lines of business; (ix) changes in the standards of conduct applicable to our businesses that may result from new regulation or new enforcement of existing standards, including recently enacted and proposed measures to impose new and enhanced duties when interacting with customers and in the execution and handling of customer transactions; (x) the liability to which UBS may be exposed, or possible constraints or sanctions that regulatory authorities might impose on UBS, due to litigation, contractual claims and regulatory investigations, including the potential for disqualification from certain businesses or loss of licenses or privileges as a result of regulatory or other governmental sanctions, as well as the effect that litigation, regulatory and similar matters have on the operational risk component of our RWA; (xi) the effects on UBS’s cross-border banking business of tax or regulatory developments and of possible changes in UBS’s policies and practices relating to this business; (xii) UBS’s ability to retain and attract the employees necessary to generate revenues and to manage, support and control its businesses, which may be affected by competitive factors including differences in compensation practices; (xiii) changes in accounting or tax standards or policies, and determinations or interpretations affecting the recognition of gain or loss, the valuation of goodwill, the recognition of deferred tax assets and other matters, including from changes to US taxation under the Tax Cuts and Jobs Act; (xiv) UBS’s ability to implement new technologies and business methods, including digital services and technologies and ability to successfully compete with both existing and new financial service providers, some of which may not be regulated to the same extent; (xv) limitations on the effectiveness of UBS’s internal processes for risk management, risk control, measurement and modeling, and of financial models generally; (xvi) the occurrence of operational failures, such as fraud, misconduct, unauthorized trading, financial crime, cyberattacks, and systems failures; (xvii) restrictions on the ability of UBS Group AG to make payments or distributions, including due to restrictions on the ability of its subsidiaries to make loans or distributions, directly or indirectly, or, in the case of financial difficulties, due to the exercise by FINMA or the regulators of UBS’s operations in other countries of their broad statutory powers in relation to protective measures, restructuring and liquidation proceedings; (xviii) the degree to which changes in regulation, capital or legal structure, financial results or other factors may affect UBS’s ability to maintain its stated capital return objective; and (xix) the effect that these or other factors or unanticipated events may have on our reputation and the additional consequences that this may have on our business and performance. The sequence in which the factors above are presented is not indicative of their likelihood of occurrence or the potential magnitude of their consequences. Our business and financial performance could be affected by other factors identified in our past and future filings and reports, including those filed with the SEC. More detailed information about those factors is set forth in documents furnished by UBS and filings made by UBS with the SEC, including UBS’s Annual Report on Form 20-F for the year ended 31 December 2017. UBS is not under any obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

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Key messages



Fundamental transformation completed, back on the competitive landscape and well positioned for profitable growth



AuM growth rate of 2x industry after years of asset loss; performing well against significant industry headwinds



Strategy focused on areas of high industry growth, supporting our ~10% annual PBT growth target over the 2019-2021 period

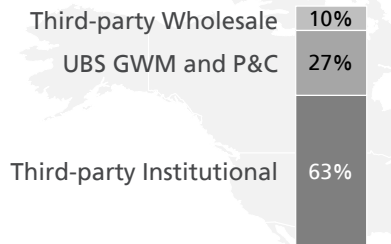
Who we are

A leading Europe-based asset manager with a highly differentiated global offering

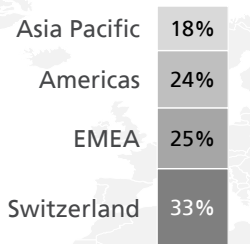
Invested assets

815bn¹

Client segments



Regions



Business lines / asset classes²



Significant **third party business**

Deep **institutional DNA**

Partner for GWM, much **more than an in-house manager**

Regionally-diversified, strong presence in APAC

Globally integrated, presence in 23 countries

Holistic offering across asset classes

Strong investment performance

Innovative **Platform Services**



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 19 for details on adjusted numbers and FX rates in this presentation; 1 30.9.18. Data does not include the assets of non-consolidated joint ventures; 2 Equities, Fixed Income and Money Market reflect asset classes, the Hedge Fund Businesses consist of O'Connor and Hedge Fund Solutions, Real Estate & Private Markets is a separate business line

An integral part of UBS's value proposition

Highly attractive financial characteristics, strengthens investment and asset gathering position

Attractive financial characteristics



Attractive return profile, consistently delivering ~0.5bn profit every year
Very **limited balance sheet usage**
Very high returns: over 25% RoAE and over 150% RoATE¹

Strengthen UBS investment and asset gathering position



Deep investment and portfolio management expertise
Strong **product and platform innovation capabilities** leveraged across UBS
Compelling value proposition for core client segments, e.g. UHNW

Deep, long-standing and significant collaboration synergies



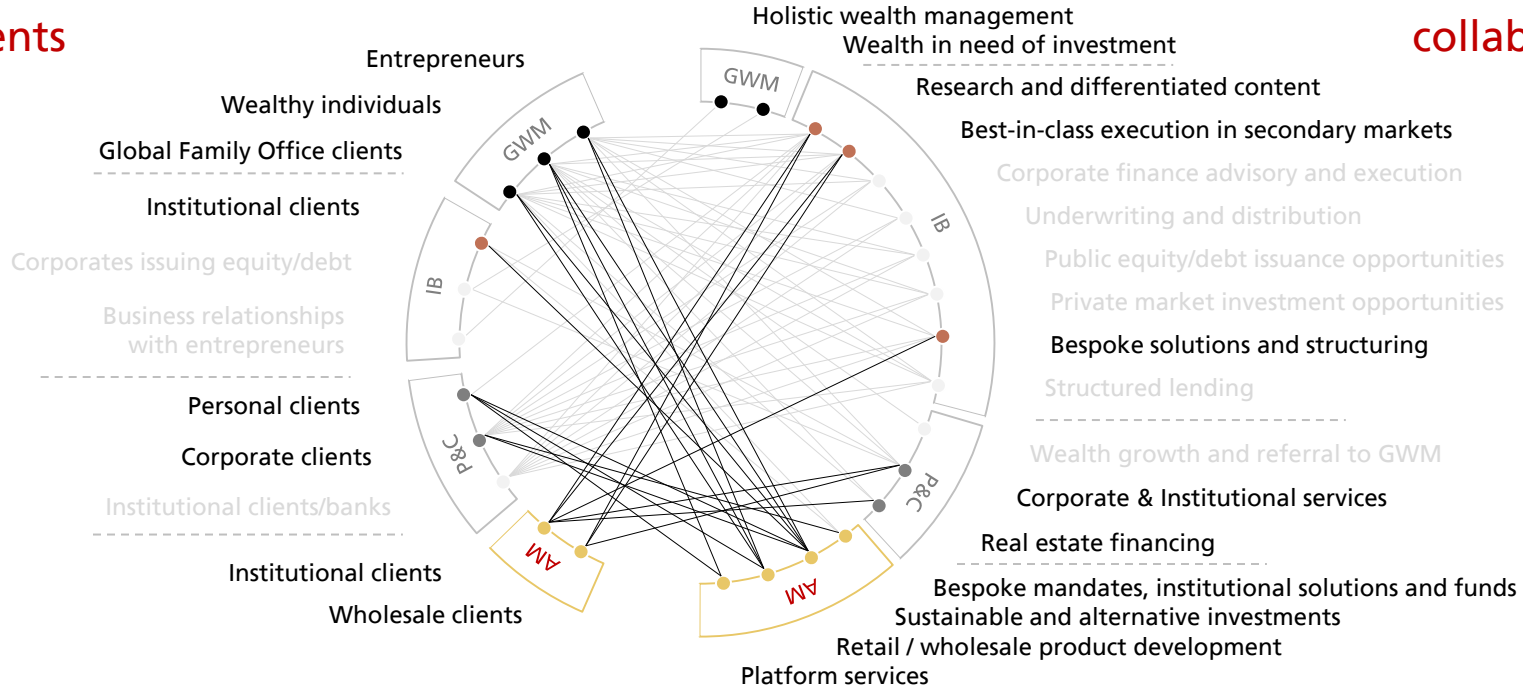
Revenue synergies with GWM, P&C and the IB
Scale and cost synergies across Corporate Center functions

Working in partnership

Providing clients with the services they need from across the whole firm

Our clients

Areas of collaboration

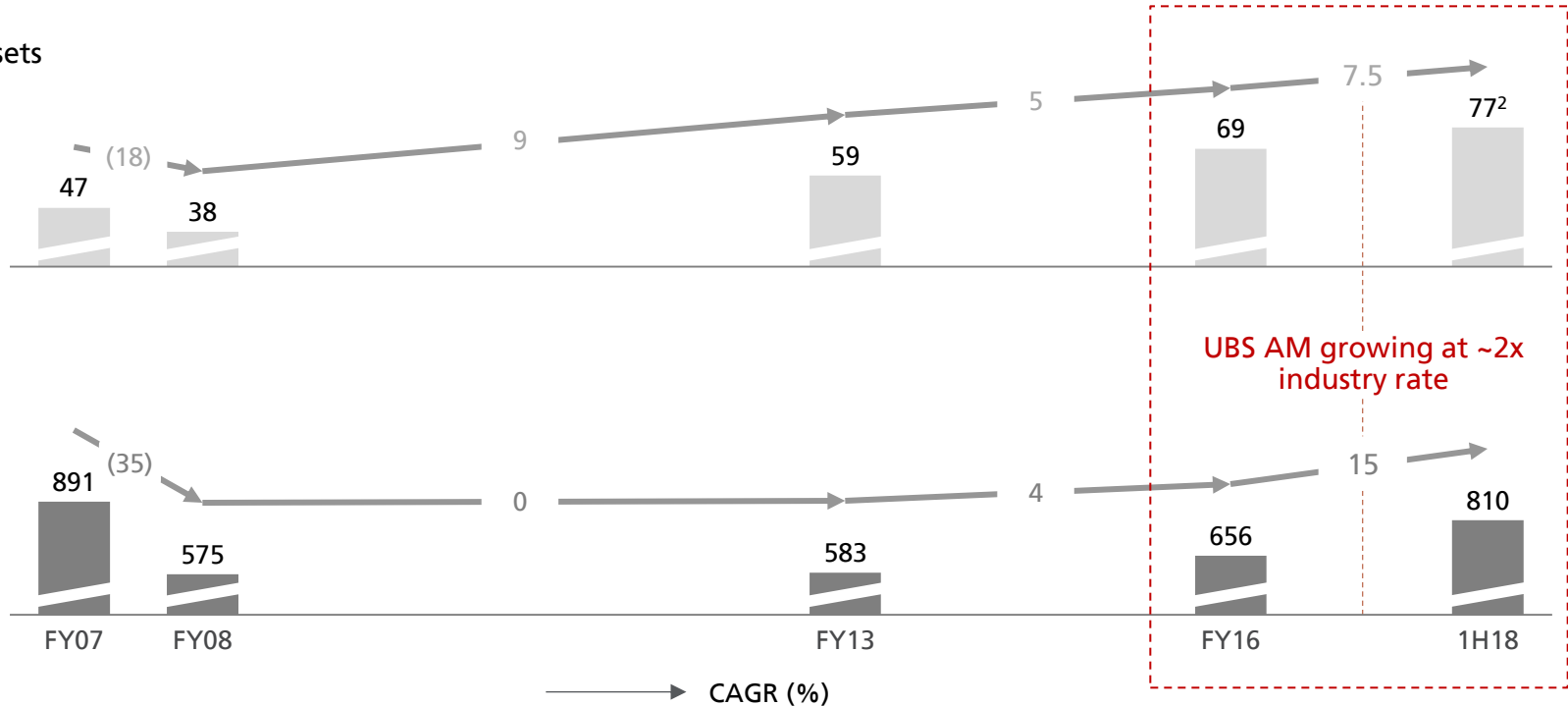


Years of stagnation turned into strong asset growth

Recovering from 'lost' years

Invested assets

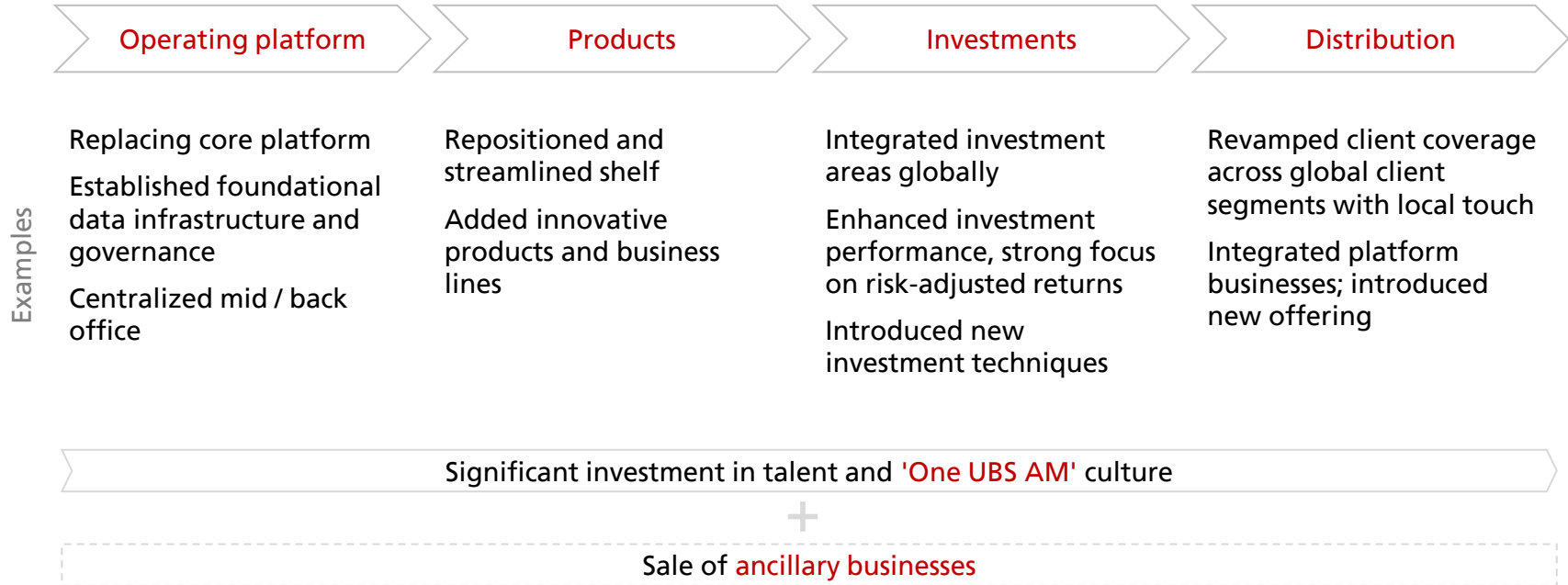
Industry
trn¹



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 19 for details on adjusted numbers and FX rates in this presentation; Source: BCG (for 2007–2017), peers' quarterly reports (for 1H18); 1 Transitioned from USD to CHF for all years using 31.12.17 exchange rate, as per BCG methodology; 2 Based on 2017 value from BCG and 1H18 AuM growth of peer group

Transformed business across entire value chain

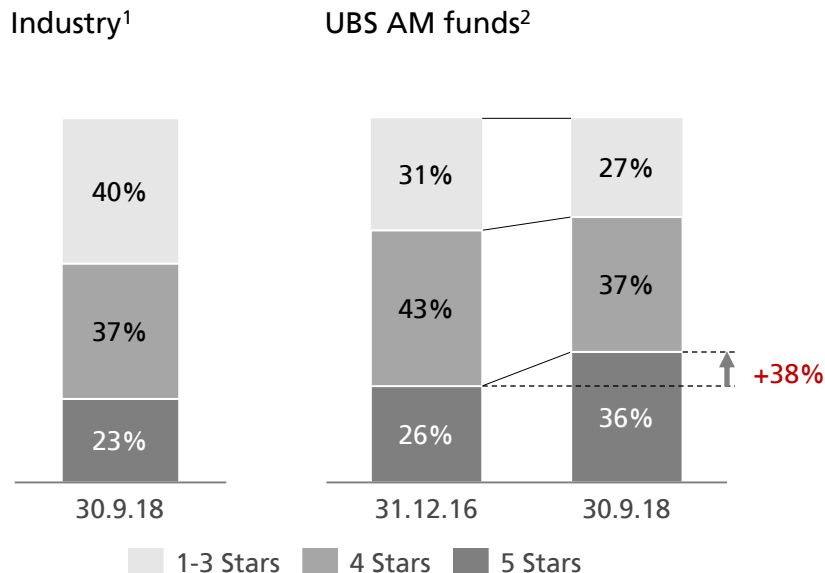
Significant investments in order to deliver the best of our firm to clients and return to growth path



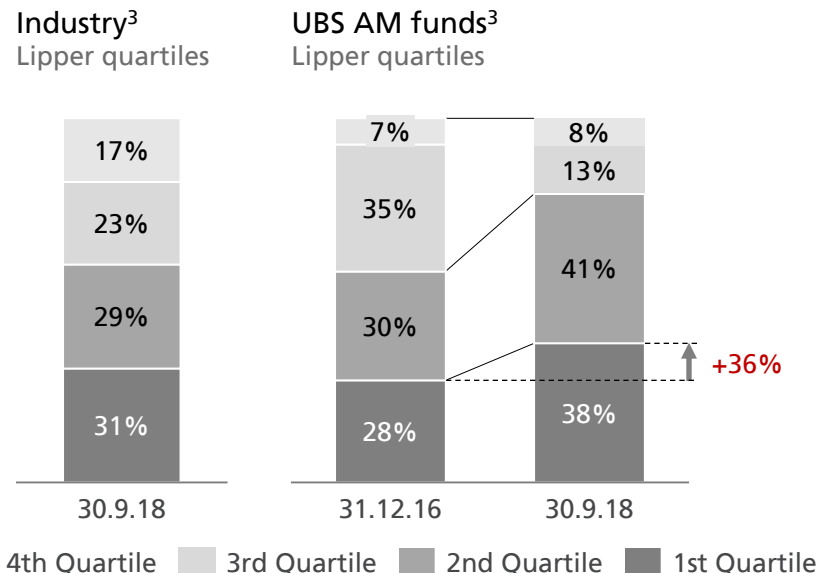
Delivering strong and improving investment performance

Actions implemented driving significant increase in top-performing fund assets

Strong increase in 5* Morningstar rated assets ...



... and in 1st and 2nd quartile assets vs peers

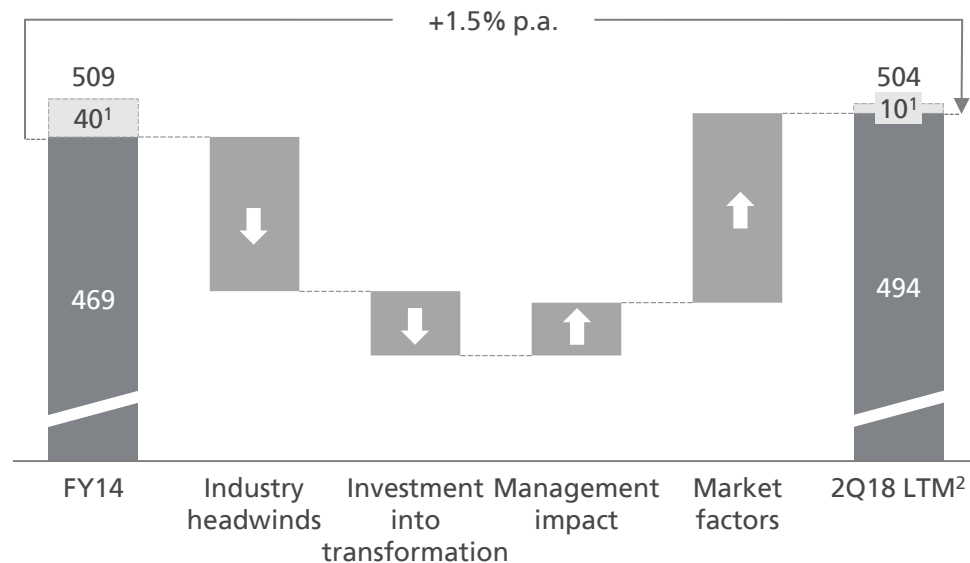


Based on fund assets unless indicated; 1 Global, share of all rated open-ended funds, excl. fund of funds and feeder funds; 2 Data extracted from Morningstar Direct for all rated funds, covers 88% of UBS AM's fund AuM (ex MM); 3 Thomson Reuters Lipper Investment Management 3-year performance. Based on mutual funds registered for sale in the "MSCI Europe Developed Markets Universe." Excludes institutional funds, insurance funds, ETFs, pension trusts, money market, passive funds, and funds <1year. Covers ~66% of UBS AM's active fund AuM (ex MM)

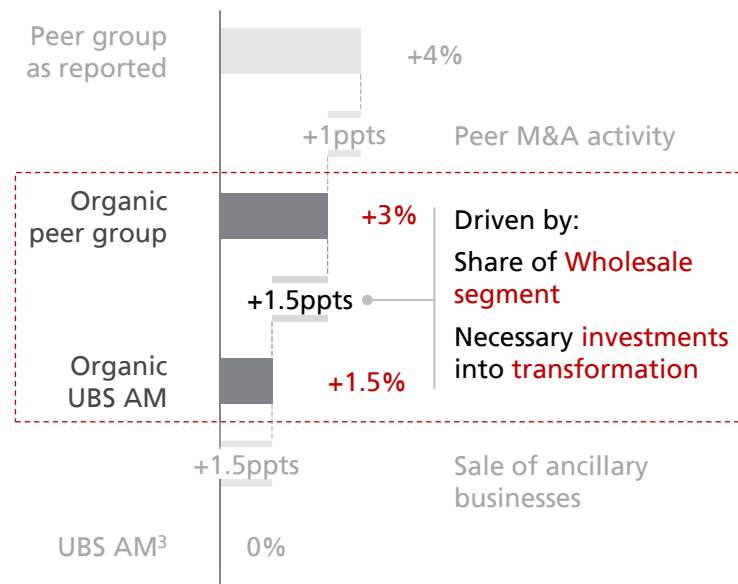
Profit before tax development yet to meet our ambitions

Relative performance reflects M&A, business mix and necessary investments into transformation

Profit before tax illustrative



Relative PBT performance vs peer group FY14-2Q18 LTM CAGR, % p.a.



Numbers in CHFm and adjusted unless otherwise indicated; refer to slide 19 for details on adjusted numbers and FX rates in this presentation;
 1 Adjusted PBT contribution of sold ancillary businesses: Alternative Fund Services in 2015, Investment Fund Services in 2017; 2 Last 12 months;
 3 Based on annual and quarterly disclosures

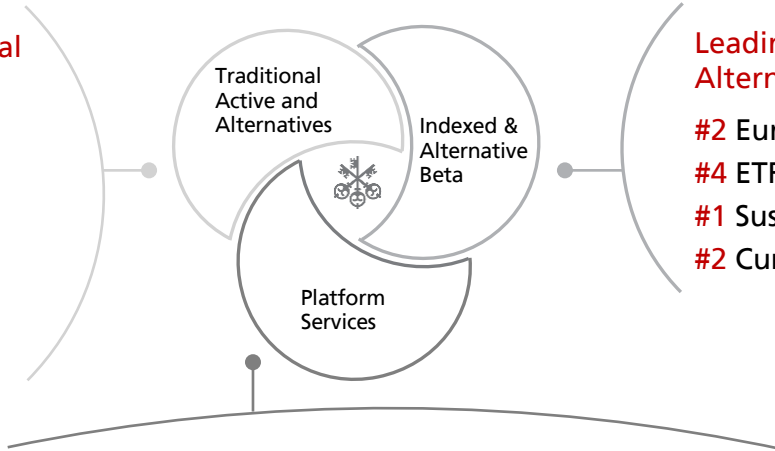
Differentiated client proposition – foundation for growth

Holistic offering across asset classes and Platform Services capabilities provided in a fully integrated way

One UBS AM

World-class Alternative & Traditional Active capabilities

- #1 Foreign Manager in China¹
- #2 Fund of Hedge Funds business²
- #5 Manager of direct real estate³
- Award winning Emerging Markets and China Equities offering
- Strong investment performance



Leading and innovative Indexed & Alternative Beta franchise

- #2 European indexed player⁴
- #4 ETF provider in Europe⁵
- #1 Sustainability ETFs in Europe⁶
- #2 Currency hedged ETFs in Europe⁷

Fully-comprehensive Platform offering

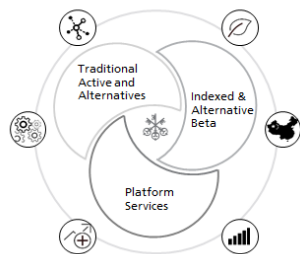
- Fondcenter: #2 B2B fund platform in Europe⁸, #1 in Asia⁹
- Fund Management Services: a leading provider in Europe
- UBS Partner: innovative new offering



1 Z-Ben Advisors, April 2018; 2 HFM InvestHedge Billion Dollar Club, March 2018; 3 FT/Towers Watson, 2017; 4 Company disclosures, December 2017; 5 ETFGI, Sept 2018; 6 Morningstar, September 2018; 7 ETFGI, September 2018; 8 Platform, June 2018; 9 Platform, October 2018, covering Singapore, Hong Kong, and Taiwan

Strategic priorities geared to above industry growth areas

Building on our global strengths and differentiated client proposition



UBS AM strategic priorities¹

Growth



Wholesale and Platform Services

83bn AuM



Investment Solutions

128bn AuM



Sustainable and Impact Investing

17bn AuM SI-focused and ESG integrated in >200bn of AuM



China

39bn AuM



Indexed (including ETFs)

312bn AuM

Efficiency & effectiveness



Operational Excellence

Industry area
AuM CAGR²

UBS AM ambition vs
industry expectation

~9%



10%



15%



14%



10%



Expected industry AuM CAGR³

7%



Numbers in CHF unless otherwise indicated; refer to slide 19 for details on adjusted numbers and FX rates in this presentation; AuM of strategic priorities overlap; 1 30.9.18; 2 Market growth forecasts based on Cerulli, McKinsey, BCG, Global Sustainable Investment Alliance; 3 BCG

Exploit sizeable opportunity in Wholesale

Intensified focus and investments already driving momentum

The industry perspective

Highly attractive industry segment

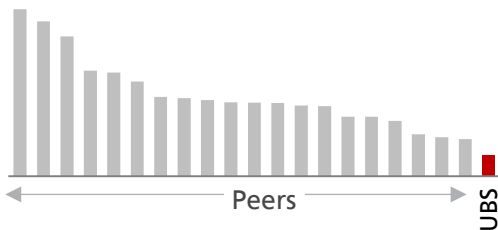
80% of industry revenue growth¹

Margins ~3x institutional

Technology and regulatory changes

3rd party Wholesale² AuM

% of overall AuM



UBS AM position

Enhanced coverage and product development

Dedicated segment coverage established

Built-out product shelf

Developed Platform Services

Expanded UBS Fondcenter and Fund Management Services

Launched UBS Partner flagship offering

Drivers to fuel substantial growth

Further drive growth in EMEA and APAC

Keep focus on product innovation and competitive shelf

Further intensify sales activities

Strategic partnerships across clients' value chains

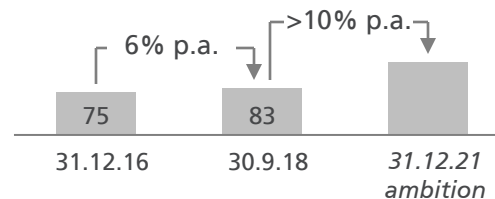
Further expand Platform Services

Expand client book globally

Further build out services offered to clients

Wholesale AuM

bn



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 19 for details on adjusted numbers and FX rates in this presentation;
 1 For peer group 2015-2017, based on public company information; 2 FY17, for peer group, based on public company information

Substantial growth in Indexed and Alternative Beta

Strong market position supported by innovative products and scalable platform

Top European player



#2 Europe-based indexed funds player¹

Drivers to fuel growth

Product innovation, quality and differentiation

Expansion of multi-factor/ Alternative Beta / Sustainable Investing offering

Data-driven investing

Geographic strengthening

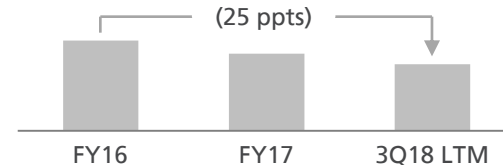
Expansion of product and sales activities in EMEA and APAC

Further increase scalability

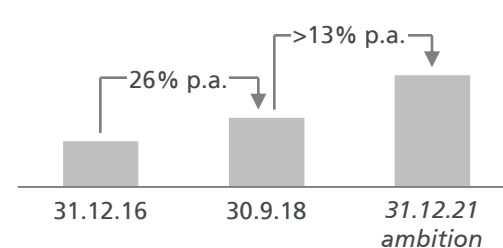
Infrastructure for increased scalability and factor-driven investing

Differentiation driving financial success

Indexed³ cost/income ratio %



Indexed³ AuM bn



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 19 for details on adjusted numbers and FX rates in this presentation; 1 Peers' public reporting as of December 2017, UBS calculation; 2 ETFGI as of September 2018; 3 Includes Indexed, Alternative Beta and ETF

Driving operating leverage to support growth

Continuously seeking efficiency improvements to achieve cost and growth targets

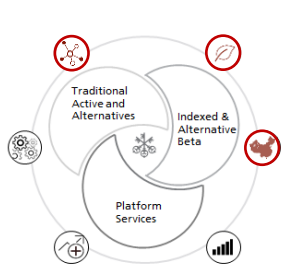
Measures	Cost reductions ¹	Actions	Key future levers
Mid/back office	~10m by 2018	Reduced locations from 14 to 5 (+3 satellite offices) Increased share of staff in low/mid-cost locations to 56%	Technology and process optimization Full roll-out of portfolio accounting platform Further decommissioning of apps Move to the cloud
Measures taken in 2018	~40m by 2019	Headcount reductions G&A cost optimizations	Further increase in offshore presence Robotics and cognitive automation Establish micro-service architecture
Core IT platform replacement	~25m by 2021	Decommissioned 21% of applications	Additional savings in Corporate Center functions



Numbers in CHF and adjusted unless otherwise indicated; refer to slide 19 for details on adjusted numbers and FX rates in this presentation;
1 Gross, annualized

Further strategic priorities in full implementation mode

Delivering strong initial successes



Investment solutions – Leverage breadth and depth of global capabilities:

- › Deliver superior Multi-Asset strategies for Wholesale clients
- › Provide components of investment process to strategic partners
- › Deliver custom portfolios across public and private markets



Sustainable and impact investing – Continue to establish us as a leading provider for clients:

- › Integrate ESG holistically across asset classes
- › Develop innovative products and solutions, continue to significantly growing assets (tripled sustainability-focused and impact assets since 2016)
- › Expand corporate governance and engagement

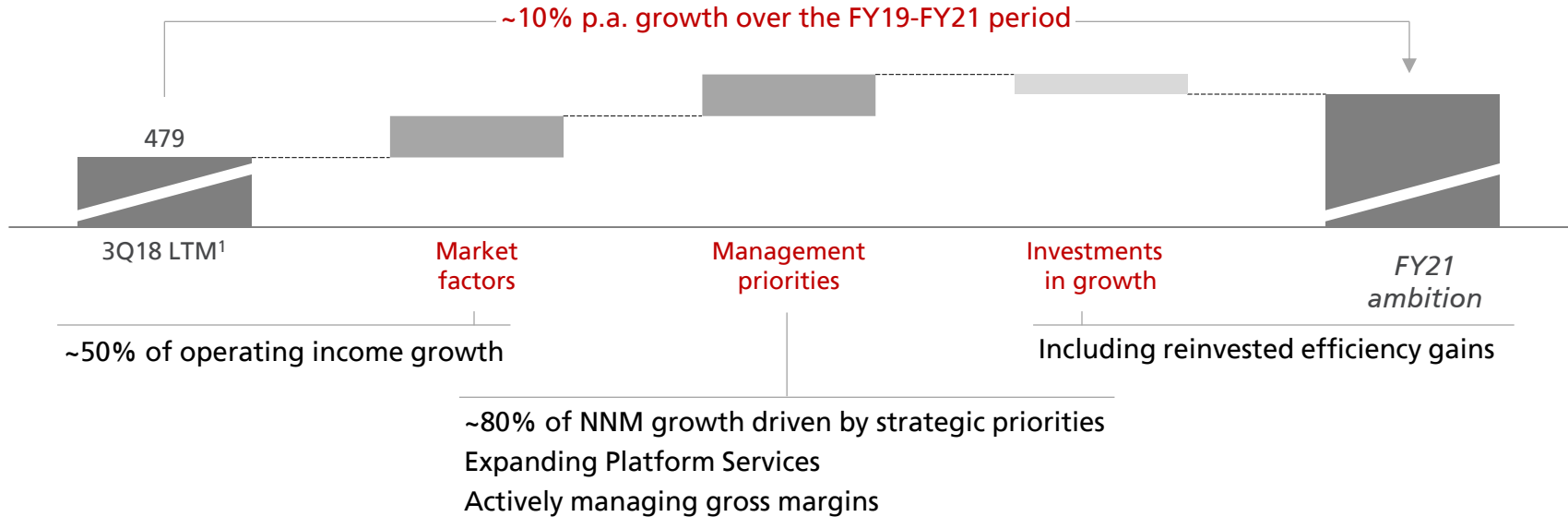


China – Maintain position for clients around the world as the 'Call for China':

- › #1 ranked foreign asset manager in China¹
- › Close to 30% invested assets growth since end-2016
- › Private fund management license in 2017; launched first onshore funds
- › Award-winning team of China Equities specialists

Clear path to our profit growth target

Profit before tax



Targeting 3-5% NNM growth p.a.; cost/income ratio ambition of ~68% by 2021



Numbers in CHFm and adjusted unless otherwise indicated; refer to slide 19 for details on adjusted numbers and FX rates in this presentation;
¹ Excludes PBT contribution of sold ancillary businesses: Alternative Fund Services in 2015, Investment Fund Services in 2017

Financial targets

		Current performance		Annual targets		Ambitions	Capital/resource guidelines
		3Q18 LTM	Pro-forma ¹	FY19	FY19-21	FY21	FY19-21
Group	Reported return on CET1 capital	13.7% ²		~15%		~17%	
	Adjusted cost/income ratio	77.5%		~77%		~72%	
	CET1 capital ratio	13.5% ³					~13%
	CET1 leverage ratio	3.80% ³					~3.7%
Global Wealth Management	Adjusted pre-tax profit growth	5%			10-15% ⁴		
	Adjusted cost/income ratio	76.5%	✓	~75%		~70%	
	Net new money growth	2%			2-4%		
Personal & Corporate Banking	Adjusted pre-tax profit growth	(2%)			3-5% ⁴		
	Adjusted cost/income ratio	59.4%	✓	~59%		~56%	
	Net interest margin	152	✓		145-155bps		
Asset Management	Adjusted pre-tax profit growth	(10%) ⁵			~10% ⁴		
	Adjusted cost/income ratio	75.1%	✓	~72%		~68%	
	Net new money growth (excl. money markets)	6%			3-5%		
Investment Bank	Adjusted return on attributed equity	13.6%	✓		~15% ^{4,6}		
	Adjusted cost/income ratio	77.3%	✓	~78%		~75%	
	RWA and LRD in relation to Group	32%/32%					~1/3



Numbers in CHF unless otherwise indicated; refer to slide 19 for details on adjusted numbers, Basel III numbers and FX rates in this presentation; 1 Pro-forma adjusted for announced Corporate Center allocation changes; 2 Adjusted for the impact from the US tax reform in 4Q17; 3 As of 30.9.18; 4 Over the cycle; 5 Normalized for the sale of our fund administration business in 4Q17; 6 Repositioned from a minimum return to a performance target

Key messages



Fundamental transformation completed, back on the competitive landscape and well positioned for profitable growth



AuM growth rate of 2x industry after years of asset loss; performing well against significant industry headwinds



Strategy focused on areas of high industry growth, supporting our ~10% annual PBT growth target over the 2019-2021 period

Important information related to this presentation

Use of adjusted numbers

Adjusted results are a non-GAAP financial measure as defined by SEC regulations. Refer to pages 9-11 of the 3Q18 report which is available in the section "Quarterly reporting" at www.ubs.com/investors for an overview of adjusted numbers.

If applicable for a given adjusted KPI (i.e., adjusted return on tangible equity), adjustment items are calculated on an after-tax basis by applying an indicative tax rate. Refer to page 18 of the 3Q18 report for more information.

Basel III RWA, LRD and capital

Basel III numbers are based on the BIS Basel III framework, as applicable for Swiss Systemically relevant banks (SRB). Numbers in the presentation are based on the revised Swiss SRB rules as of 1.1.20 that became effective on 1.7.16, unless otherwise stated.

Basel III risk-weighted assets in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20 unless otherwise stated. Our RWA under BIS Basel III are the same as under Swiss SRB Basel III.

Leverage ratio and leverage ratio denominator in this presentation are calculated on the basis of Swiss SRB rules as of 1.1.20, unless otherwise stated. Refer to the "Capital management" section in the 3Q18 report for more information.

Currency translation

Monthly income statement items of foreign operations with a functional currency other than Swiss francs are translated with month-end rates into Swiss francs.

Rounding

Numbers presented throughout this presentation may not add up precisely to the totals provided in the tables and text. Starting in 2018, percentages, absolute and percent changes, and adjusted results are calculated on the basis of unrounded figures, with the exception of movement information provided in text that can be derived from figures displayed in the tables, which is calculated on a rounded basis. For prior periods, these values are calculated on the basis of rounded figures displayed in the tables and text.

Tables

Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Zero values generally indicate that the respective figure is zero on an actual or rounded basis. Percentage changes are presented as a mathematical calculation of the change between periods.

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