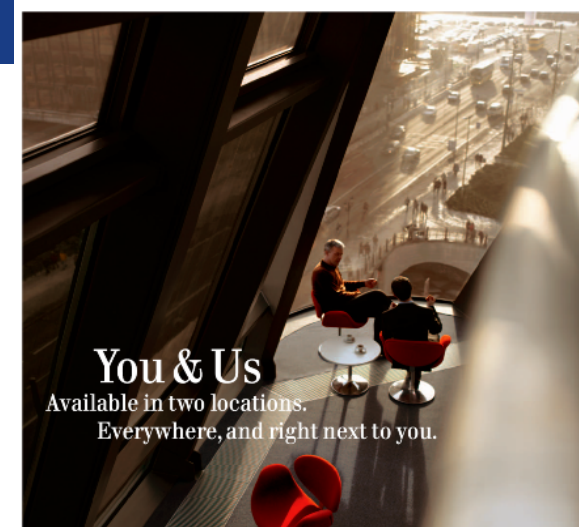


# UBS Product Day – Zurich Global Asset Management

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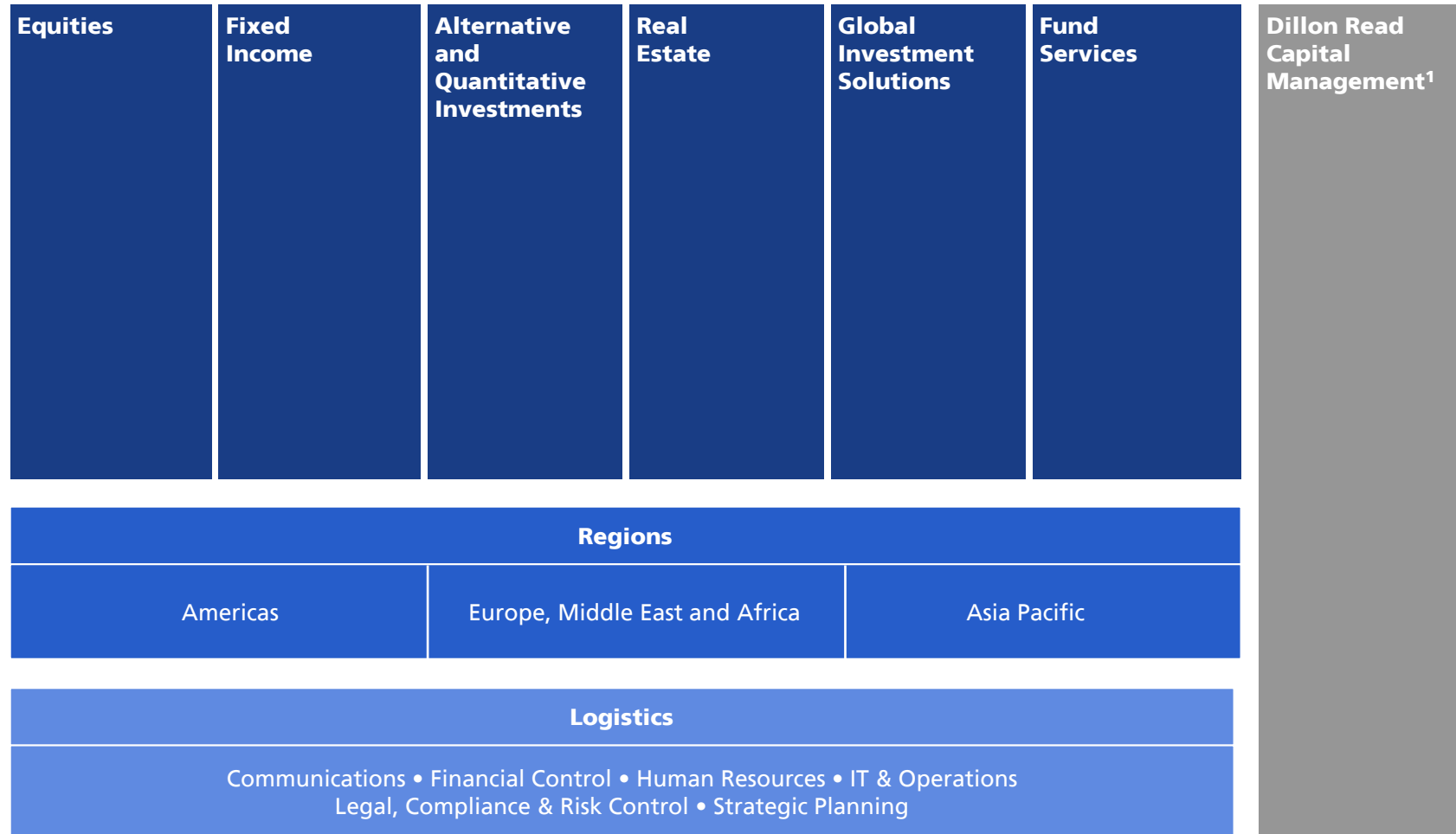
Brian Singer, Head of Global Investment Solutions



June 1, 2006

# UBS Global Asset Management

## Investment and business model

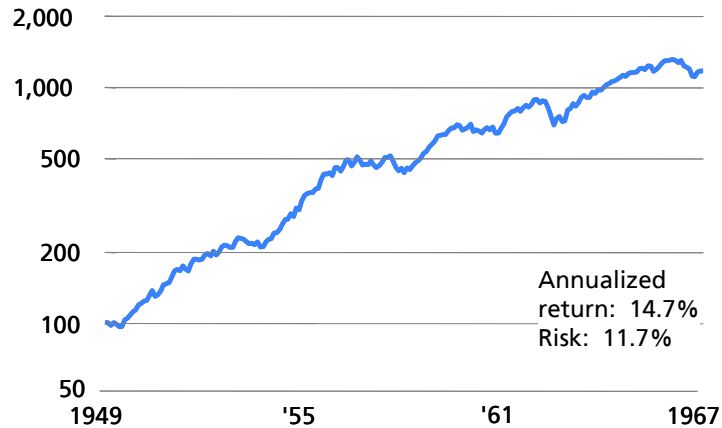


1 On 30 June 2005, UBS announced the formation of Dillon Read Capital Management, a separate business within UBS Global Asset Management. This business will become operational in 2006

# US equity market investment regimes

## S&P 500 total returns: January 1949 – December 2005

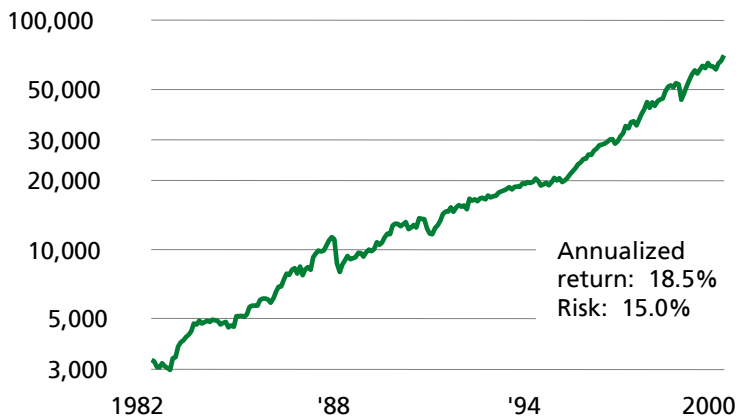
### 1 January 1949 – 31 December 1966



### 1 January 1967 – 31 December 1981



### 1 January 1982 – 31 December 1999



### 1 January 2000 – 31 December 2005



Returns are annualized S&P 500 total returns and risk is standard deviation based on monthly logarithmic returns

Source: UBS Global Asset Management

# In response, investors have been pushed to the extremes ...

**100% security exposure – “alpha”**

**Security exposure:**  
Risk, and the potential for reward, inherent in individual security selection decisions

Market neutral hedge fund

**100% market exposure – “beta”**

**Market exposure:**  
The risk and reward potential of markets and asset classes

Index fund

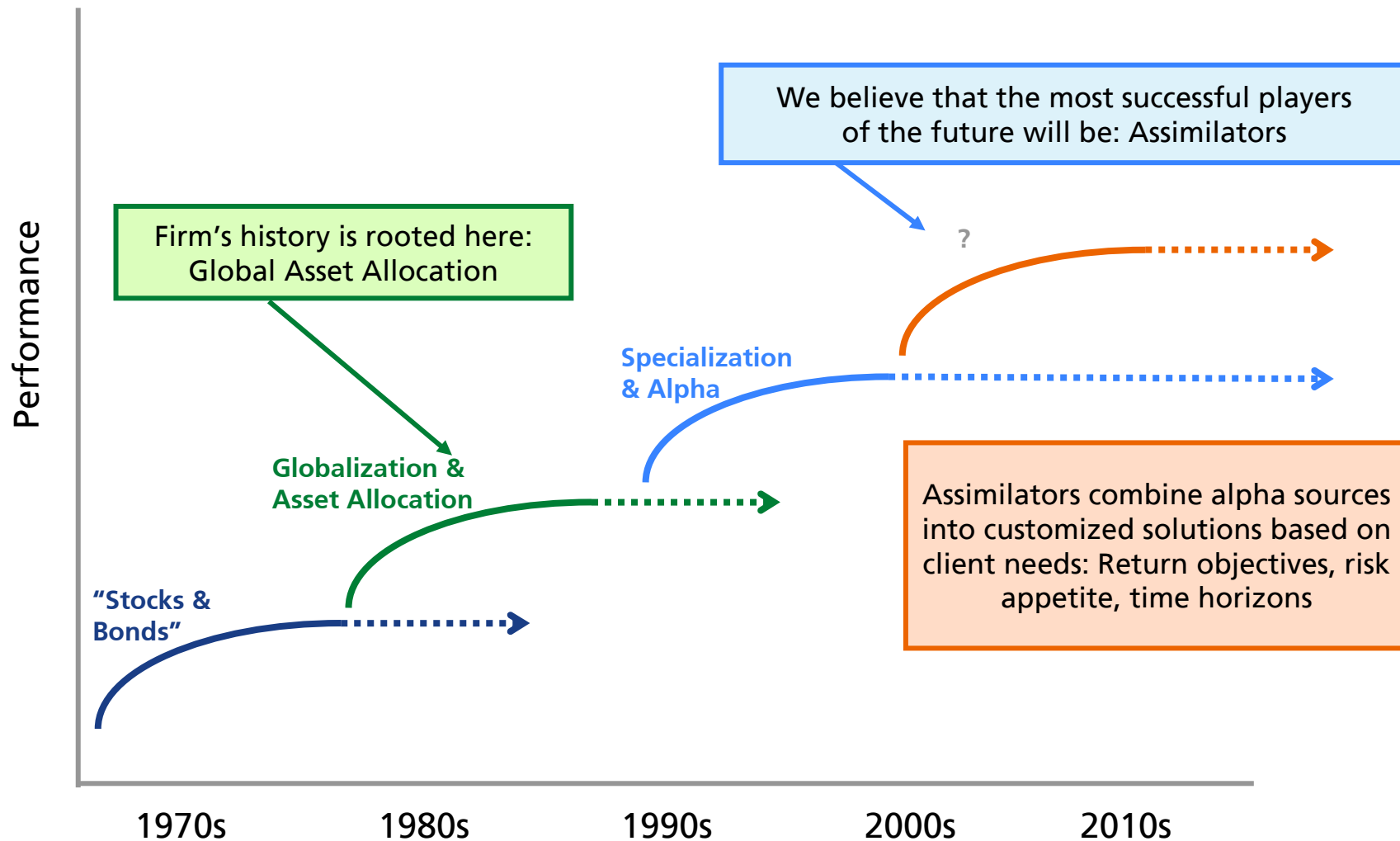
Traditional actively managed portfolio

**Opportunities to add value**

**Investment spectrum**

# The evolution of investment management

Regime shifts have defined success in the asset management industry; focus on client needs, utilize new technologies



# Why Global Investment Solutions (GIS)?

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## Clients are demanding more from asset managers

- ◆ Partnering with clients
  - Asset Liability Investment Solutions (ALIS)
  - GIS strategists
- ◆ Investment Innovation
  - Dynamic Alpha Strategy (DAS)
  - US Equity Alpha
  - Absolute Return Bond (ARB)
- ◆ Assimilation
  - investment breadth (traditional and alternative)
  - risk management
  - derivatives
  - flexibility
  - managed architecture

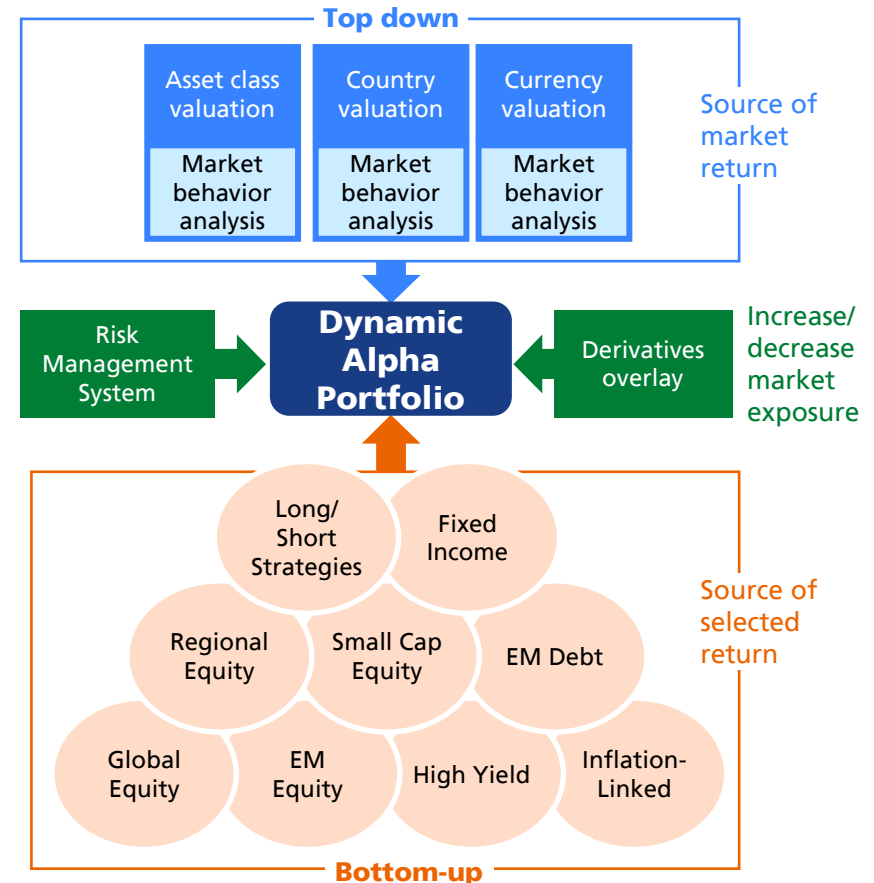
**GIS focuses on sustainable client partnerships:  
Helping clients stay ahead with integrated investment solutions and strategic advisory  
services**

# Dynamic Alpha Strategy: Best of both worlds

## Absolute return global balanced portfolio for our institutional clients

- ◆ Excellent risk-adjusted returns: Annualized returns of 11.39% with volatility of 4.16% since inception<sup>1</sup>
- ◆ Mutual fund or hedge fund? Two in one. Features less reliance on market risk (than traditional long-only balanced portfolio) and better liquidity and pricing than the typical hedge fund
- ◆ Capitalizes on the flexibility to adjust sources of risk and return
- ◆ Features low correlations among multiple sources of return via global diversification

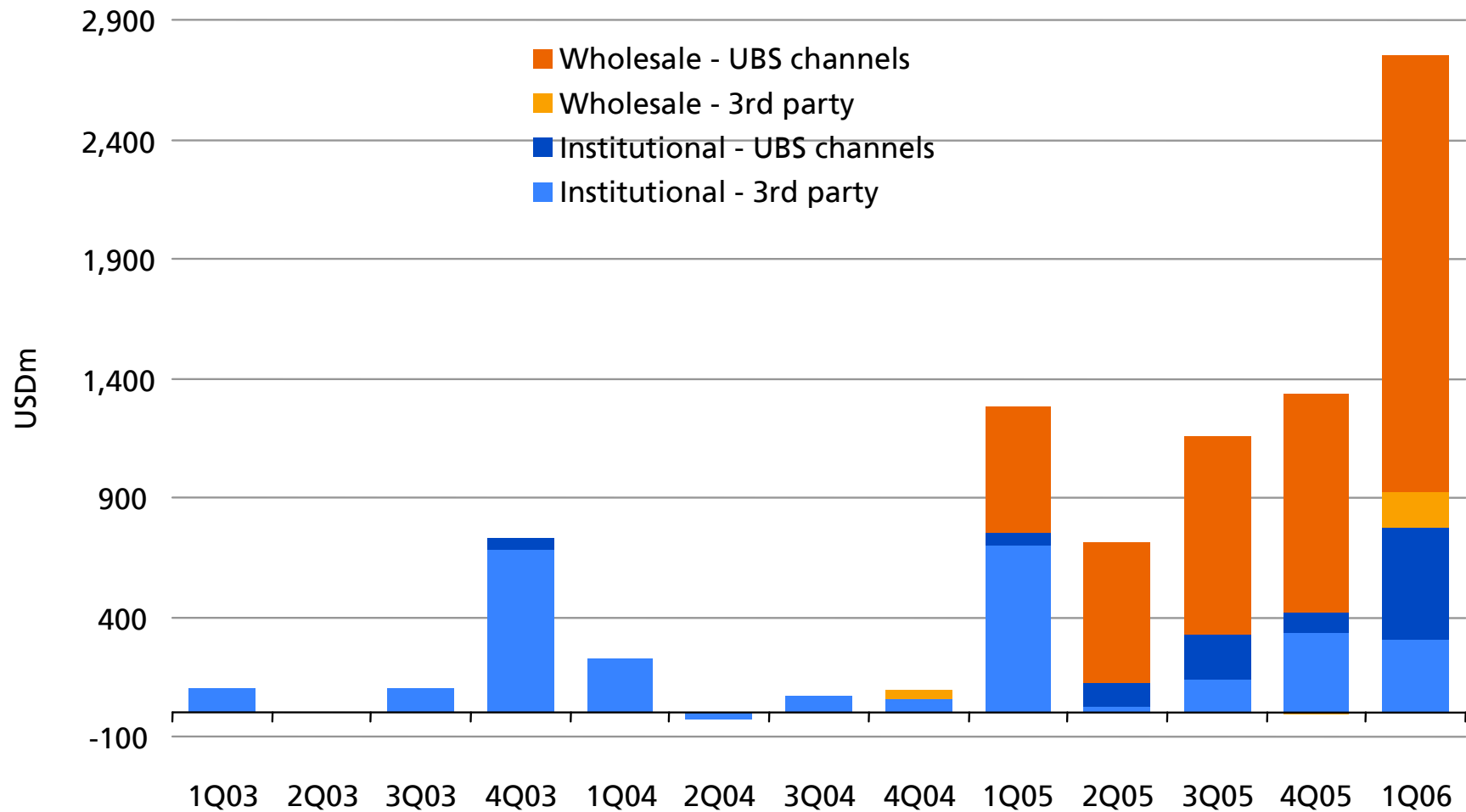
### Assimilation



<sup>1</sup> As of 31 December 2005; inception date: 30 November 2003. Since inception standard deviation based on monthly logarithmic returns  
**Past performance is no guarantee of future results.** Performance figures are gross of fees.

# Dynamic Alpha Strategy

## Net new money

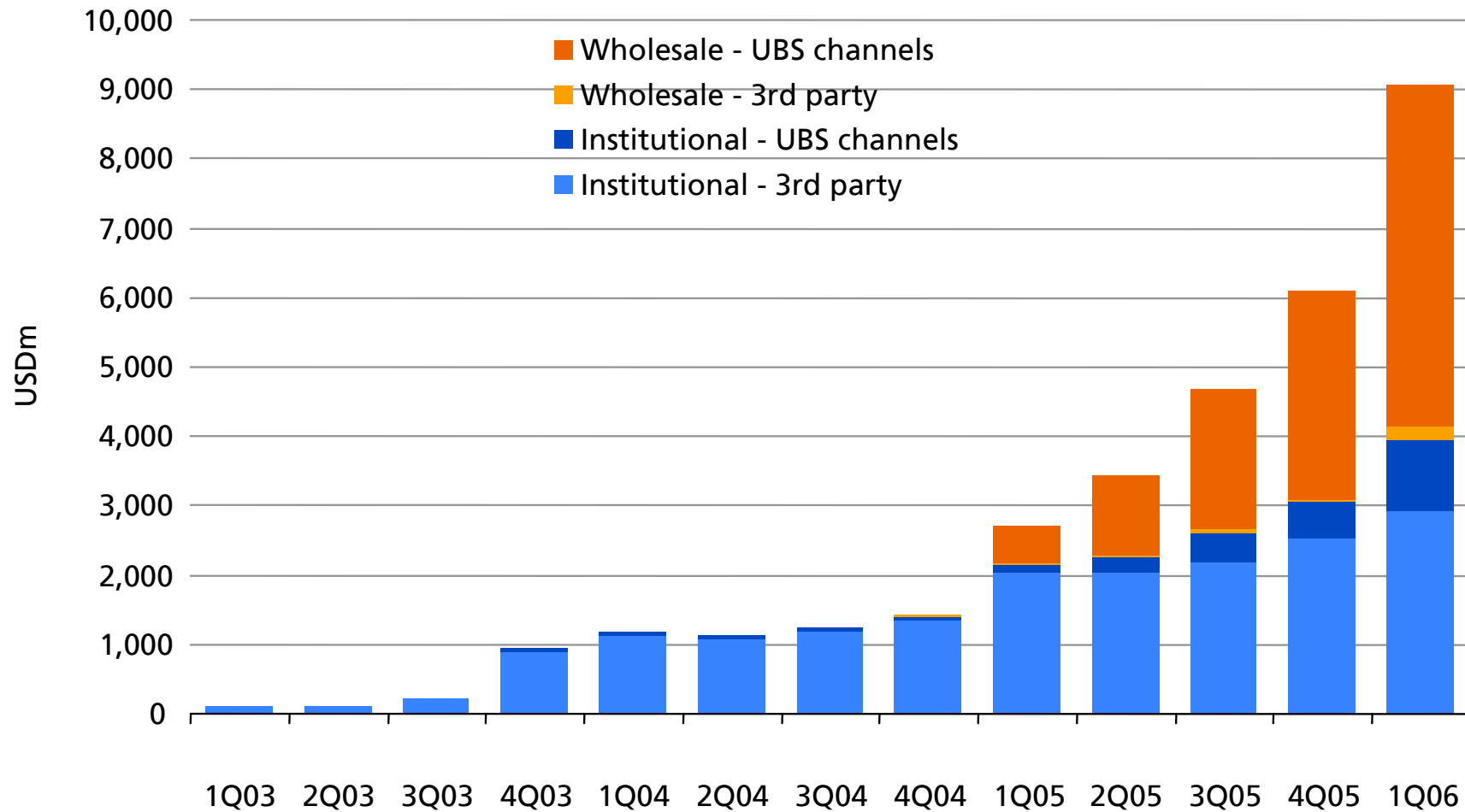


As at 16 May 2006  
Source: UBS Global Asset Management



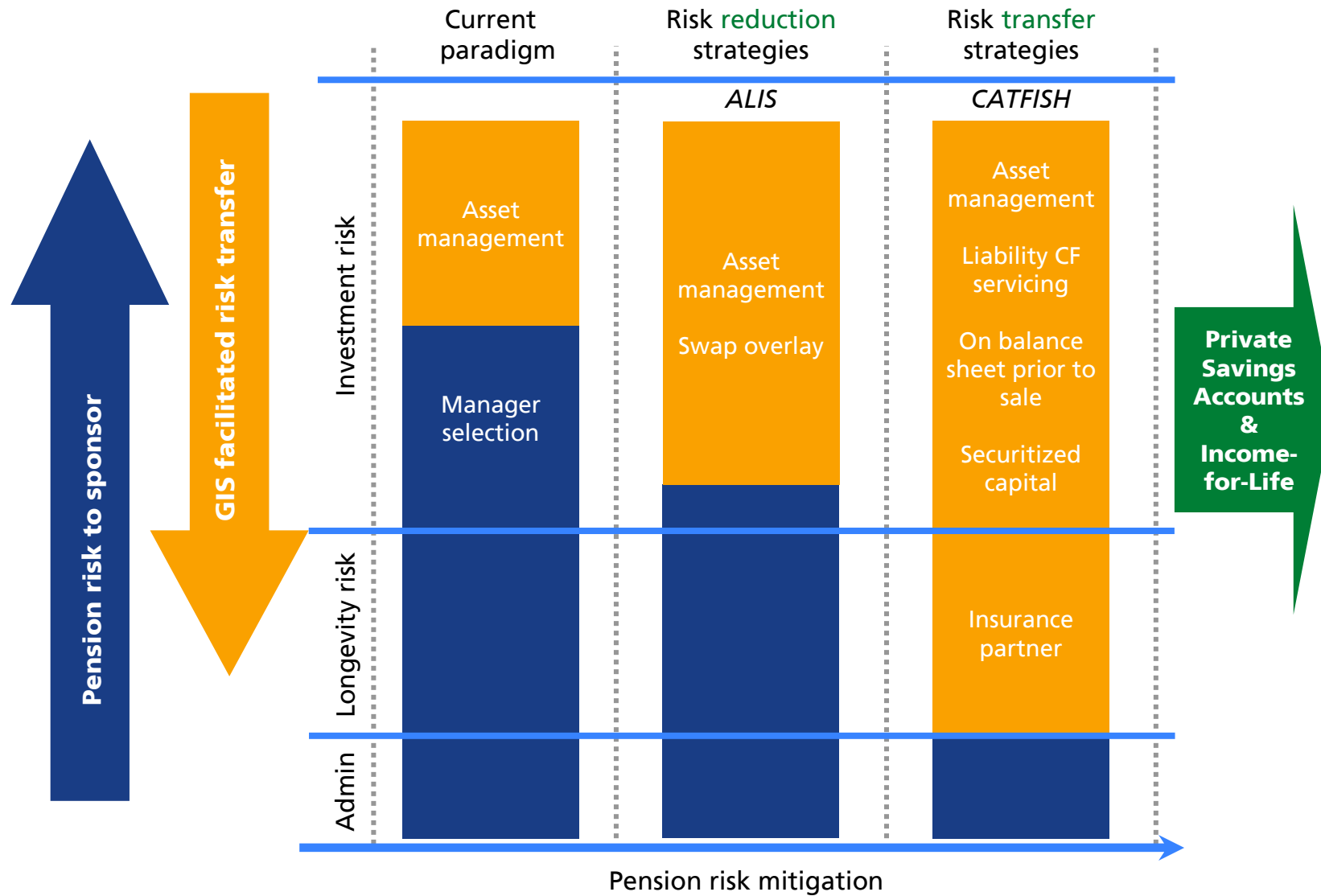
# Dynamic Alpha Strategy

## Invested assets



As at 16 May 2006  
Source: UBS Global Asset Management

# A continuum of solutions



For illustrative purposes only

# New horizons in portfolio management

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- ◆ The distinction between client, consultant and advisor continues to blur
- ◆ The distinction between traditional and alternative investments continues to blur
- ◆ Management in risk dimensions
- ◆ Provide solutions that address liabilities as well as assets
- ◆ The most successful players of the future will be assimilators
- ◆ We intend to pursue high investment content solutions
- ◆ Expertise in portfolio construction is paramount

# Questions...

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