

Emerging Markets Equity High Alpha Long-term Opportunity (HALO) Strategy

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Section 1

Emerging Markets Equities Outlook: We've only just begun

EM – Cycle is favourable

- The economic cycle in EM has bottomed
 - Most imbalances have been corrected
 - Typical upswings and downturns in the economies last 5-7 years
- EM Equities are starting the cycle from reasonable valuation, particularly compared to other asset classes
- Risks:
 - If protectionism gets out of hand, the global economy will be affected
 - Still high debt levels particularly in China
- Good long-term investment opportunities in the new normal
 - India, China, and ASEAN
 - Healthcare, Consumption, Urbanization/Infrastructure and Technology/Internet
 - Growth potential and corporate quality vary widely across countries, making a strong case for active management

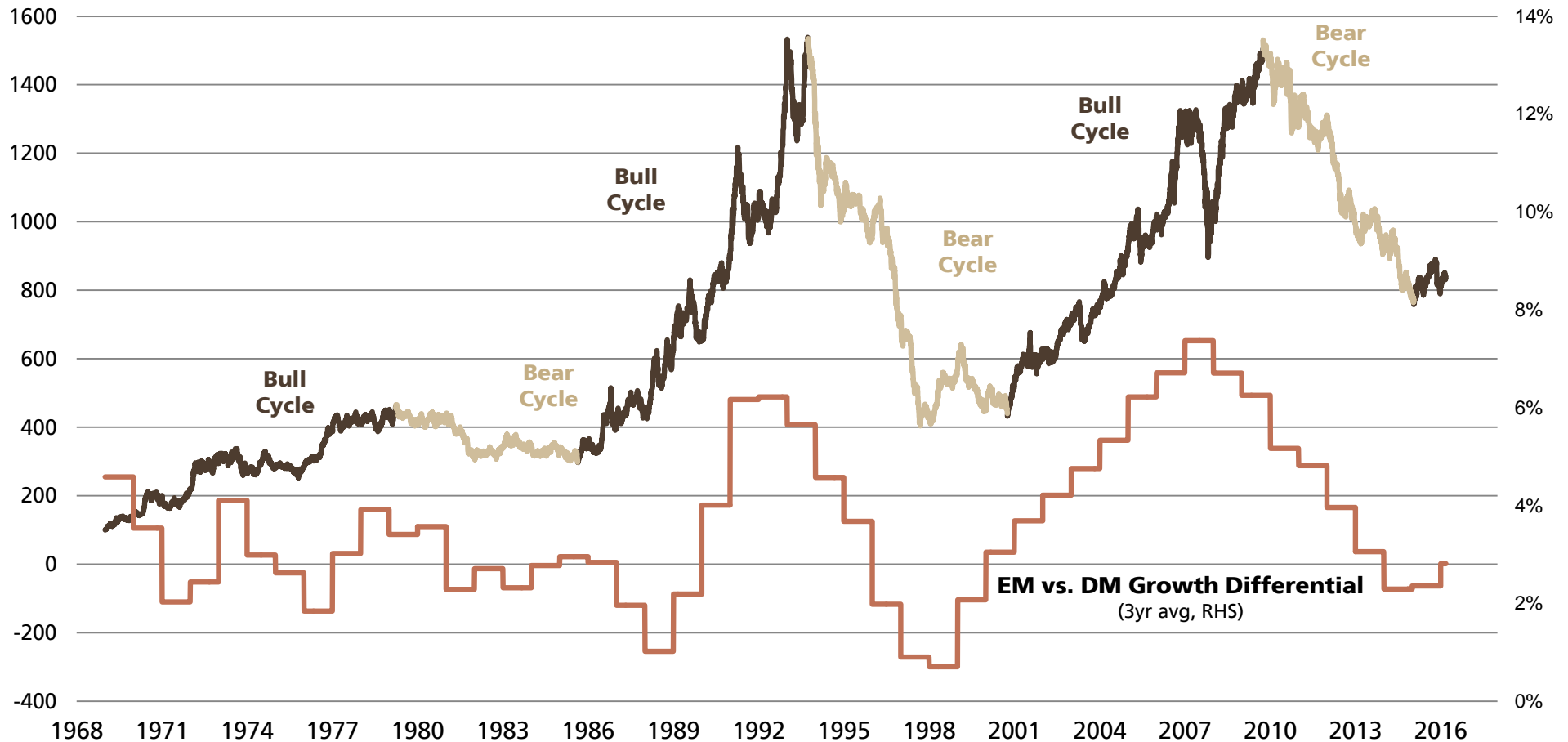
Source: UBS Asset Management

This page contains statements that constitute “forward-looking statements”, including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations

Cycle is turning, should drive market returns

Typically each cycle lasts 5-7 years. Economics usually "Trumps" politics

EM vs. DM (Relative Equity Performance Index)



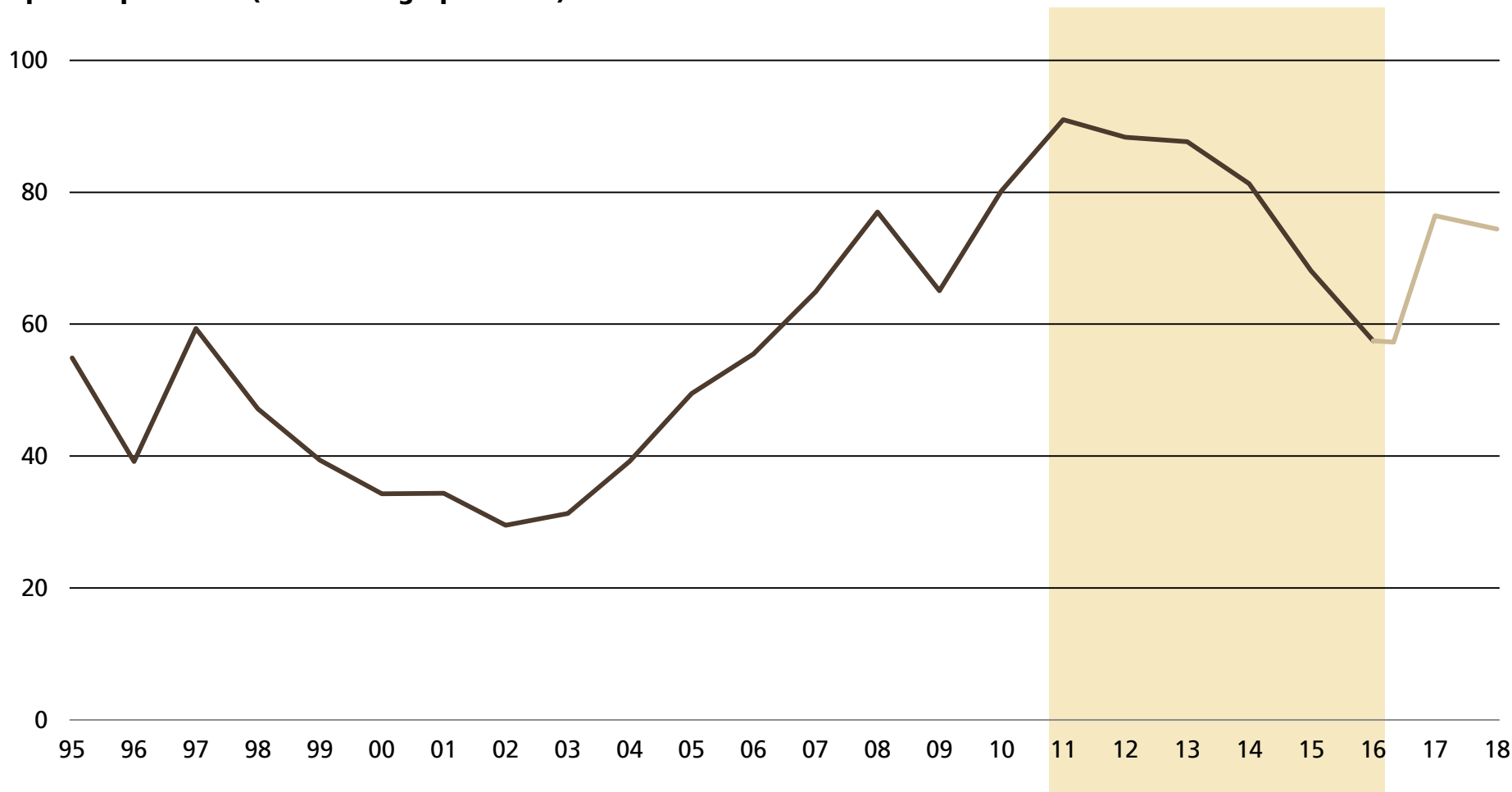
Note: We used the MSCI World as a proxy for DM. For EM, MSCI EM was used from Dec 1987 onward. Prior to this, the EM index was reconstructed using individual EM exchange-level data available at the time

Source: FactSet, Datastream, Bloomberg, Goldman Sachs Global Investment Research, Data up to 31 March 2017

Capex is the major driver of the cycle

Overcapacity is being reduced marked by the drop in capex from 2011-2016

Capital Expenditure (12M trailing – per share) for the MSCI EM index

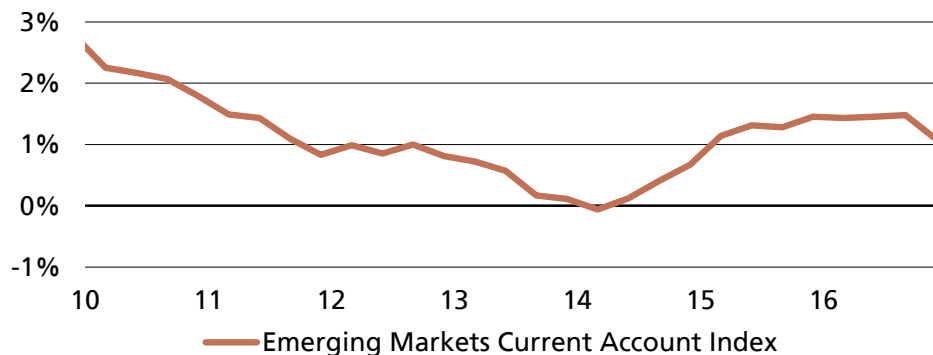


Source: Bloomberg L.P, MSCI; numbers for 2017/18 are estimates per 21 April 2017

What has improved

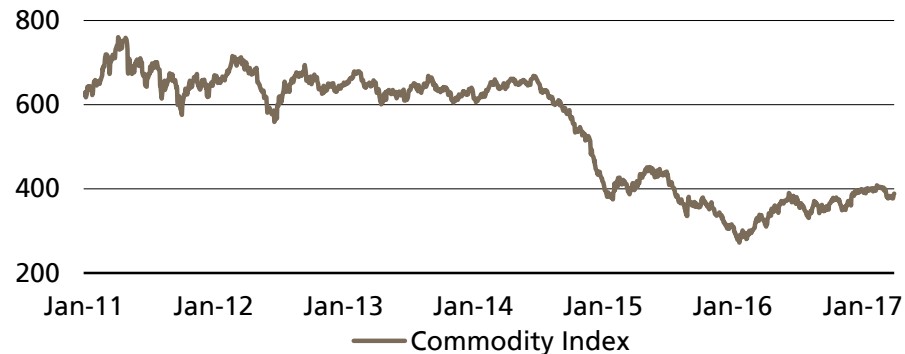
Most major indicators suggest EM economies have stabilised and bottomed

EM Current Account Balances improved



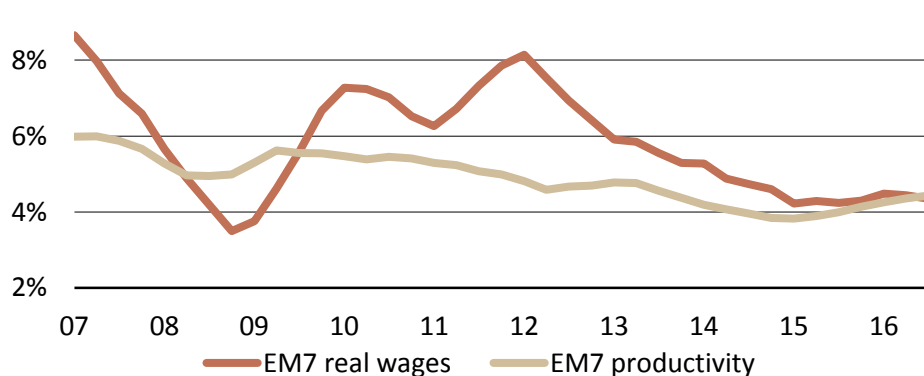
Source: Bloomberg, UBS Asset Management, Data as of 31 December 2016

Commodity prices have stabilized (USD)



Note: Commodity Index represented by S&P GS Commodity Index (GSCI)
Source: Bloomberg L.P, UBS Asset Management, as of 31 March 2017

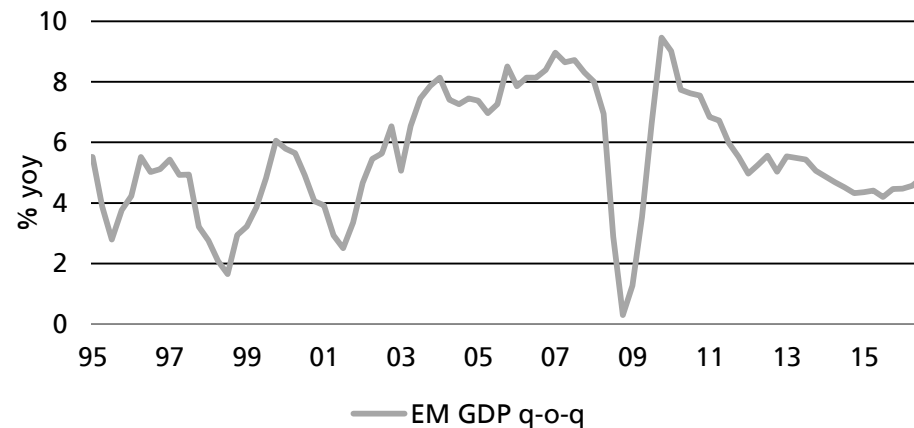
Productivity vs. wage growth among EM companies



Note: EM7: China, India, Brazil, Russia, Korea, Mexico, Turkey. Productivity is calculated as the units of GDP produced per employee in local currency terms deflated using the GDP deflator.

Source: Thomson Reuters, Credit Suisse, Oxford Economics, Data as of 31 March 2017

EM GDP stabilized

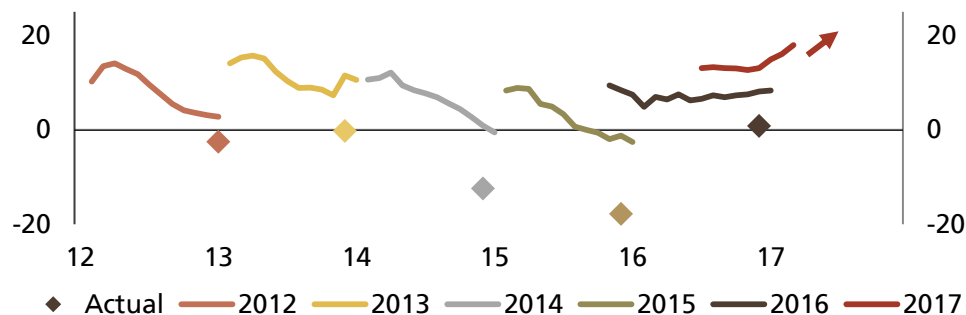


Source: Bloomberg, UBS Asset Management, as of 31 December 2016

What has improved

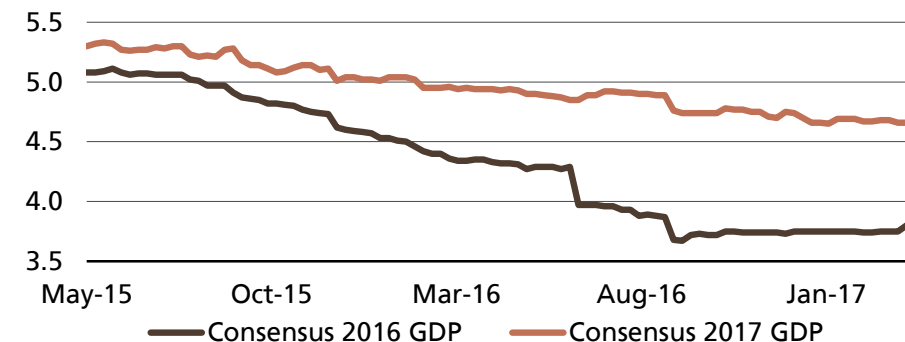
Most major indicators suggest EM economies have stabilised and bottomed

EM USD Earnings forecast revisions (%)



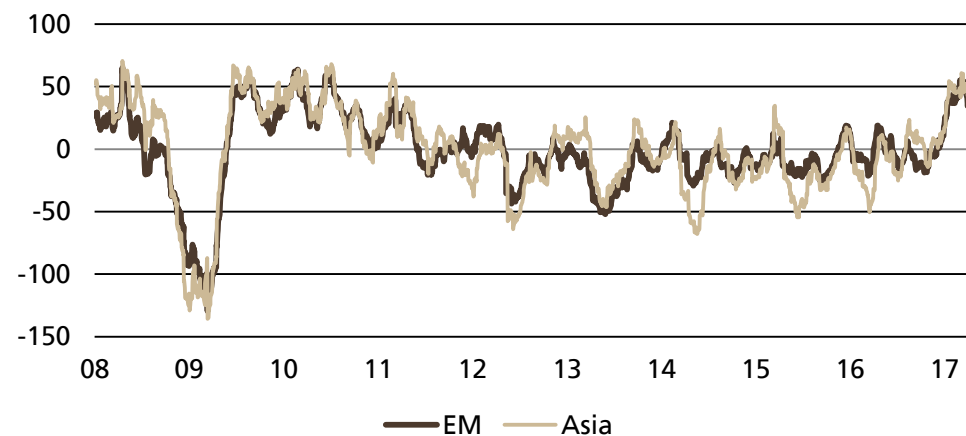
Source: BofA Merrill Lynch Global Research, IBES, Factset. Estimates as of 31 March 2017

2016-17 EM GDP forecast revisions (consensus)



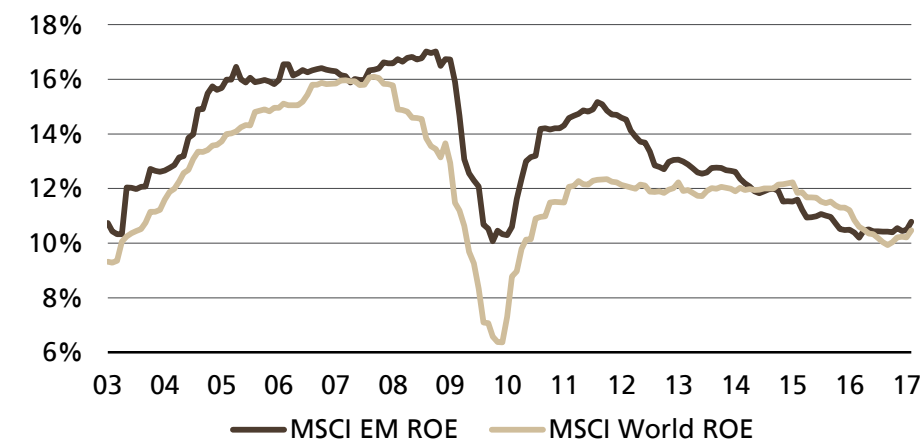
Source: Bloomberg L.P., IBES, JP Morgan. Data as of 31 March 2017

Economic data surprising on the upside



Source: Bloomberg L.P., Citi Economic Surprise Index for EM and APAC. Data as of 31 March 2017

EM ROE stabilized, matching DM ROE

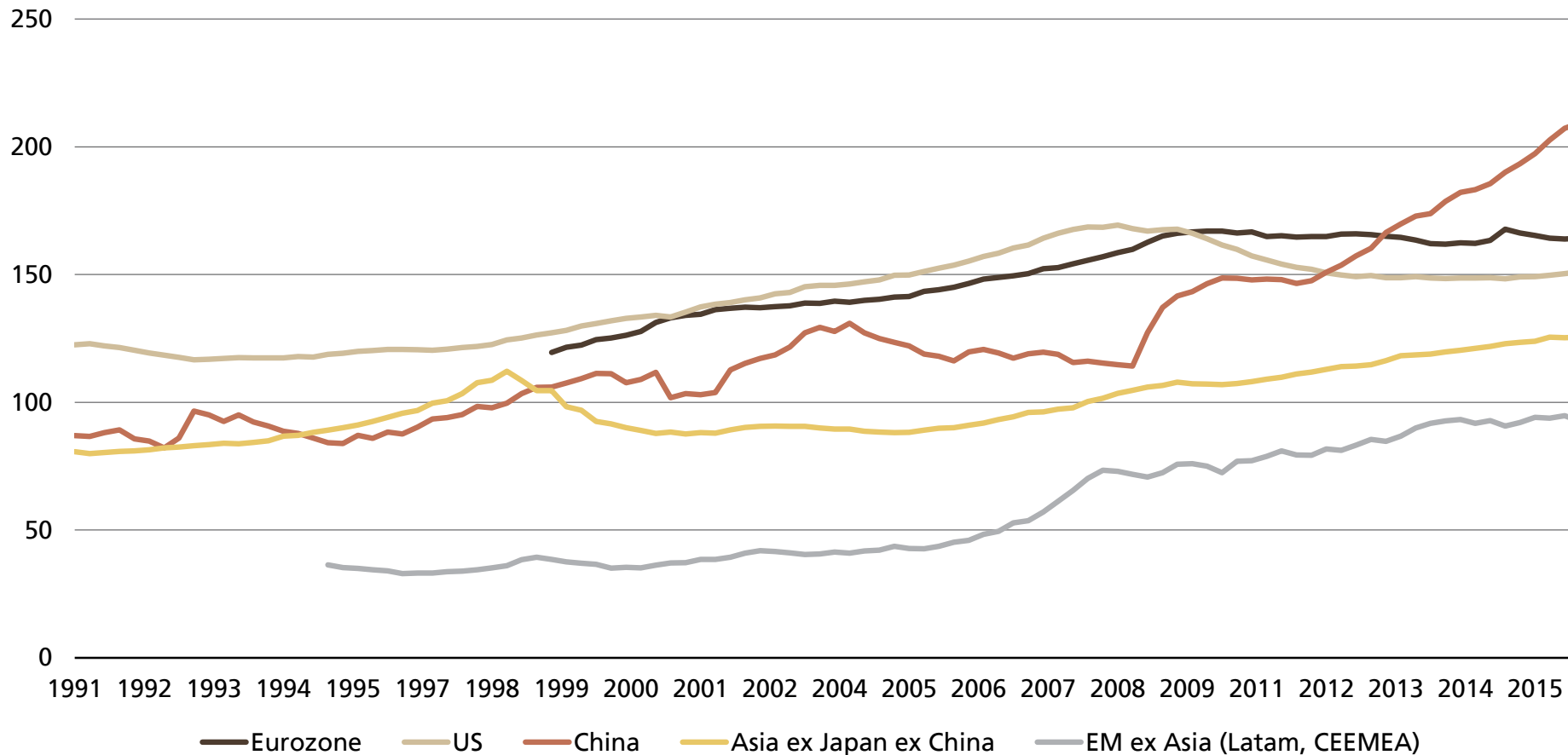


Source: Factset, MSCI, UBS Asset Management, data as of 31 March 2017

What needs to be watched: Build up of credit in Asia

China Debt/GDP increasing, rest of Asia stabilising

Non-financial private sector debt (% of GDP)



Note: EM ex Asia includes Argentina, Brazil, Chile, Mexico, Poland, Hungary, Czech Republic, Turkey, South African and Russia

Asia ex Japan includes Singapore, Malaysia, Thailand, Indonesia, HK, China, Taiwan, Korea and India

Source: BIS, CEIC, Haver and UBS calculations. Data up to Q3 2016

Rapid increase in debt in China is a long-term risk

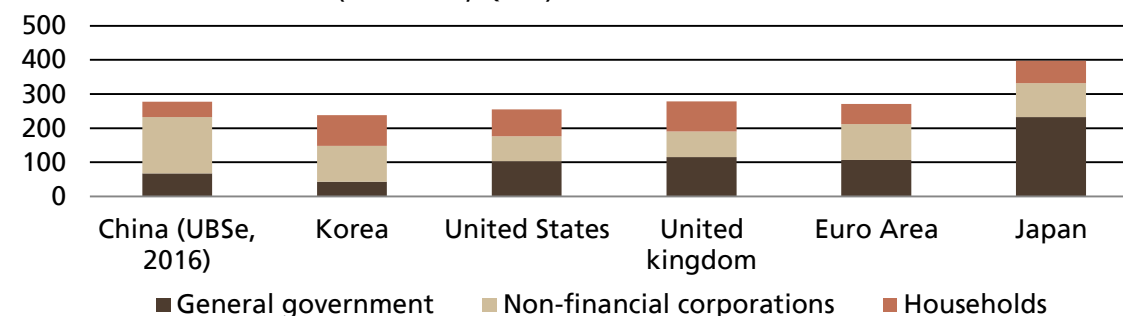
But we see little risk of a near-term crisis

- Leverage increased rapidly after the GFC by 100 % and was 280% of GDP by 2016
 - Used towards financing relatively unproductive assets like real-estate
 - Now increasingly used to finance working capital and interest payments

- But not a near-term crisis
 - High-domestic savings, LDR < 100%
 - SOEs and government borrowing from government-owned banks
 - Unsophisticated capital markets
 - Relatively closed capital account

International comparison of domestic non-financial sector debt

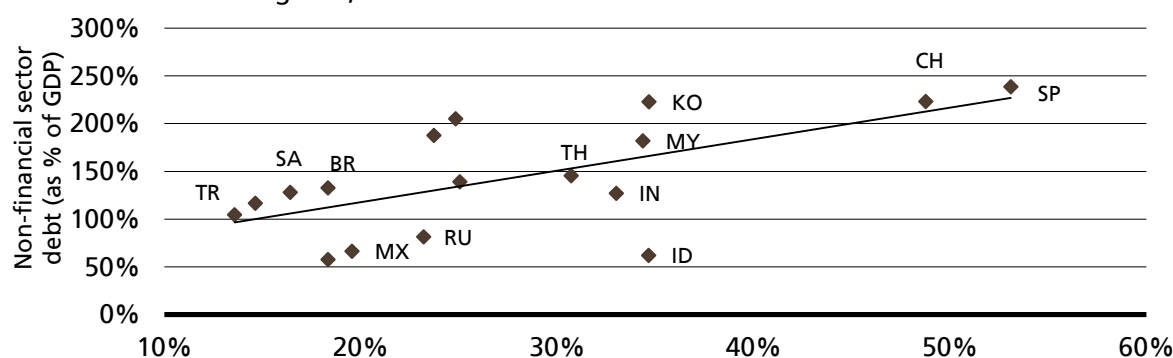
Non-financial sector debt (% of GDP, Q216)



Source: CEIC, Haver, UBS estimates as of January 2017

Countries with higher saving rate can afford more debt

Gross domestic saving rate, 2013-2014

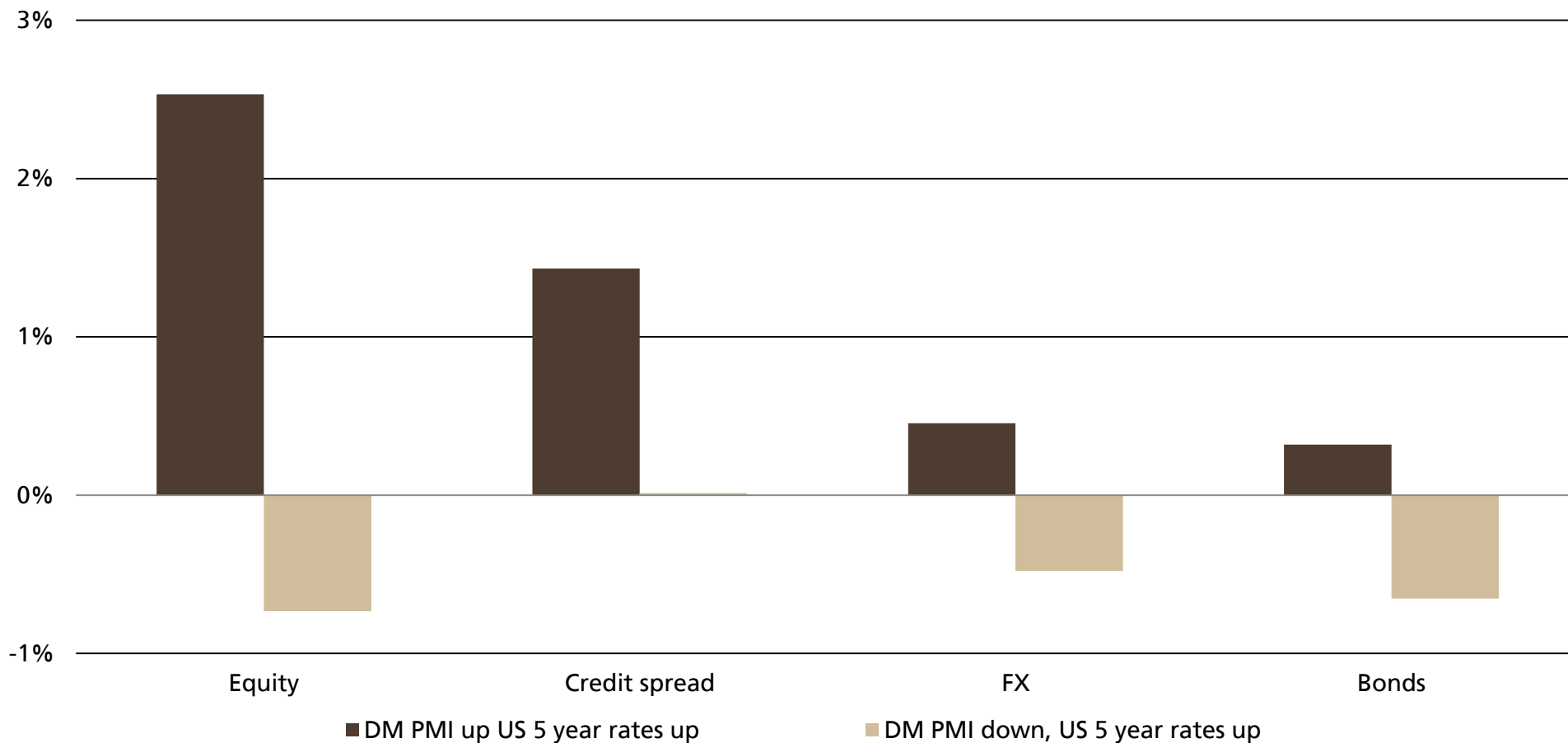


Source: CEIC, Haver, UBS estimates as of April 2016

Higher rates & better growth usually positive for EM

EM equities perform well in months when DM PMI and US rates are up

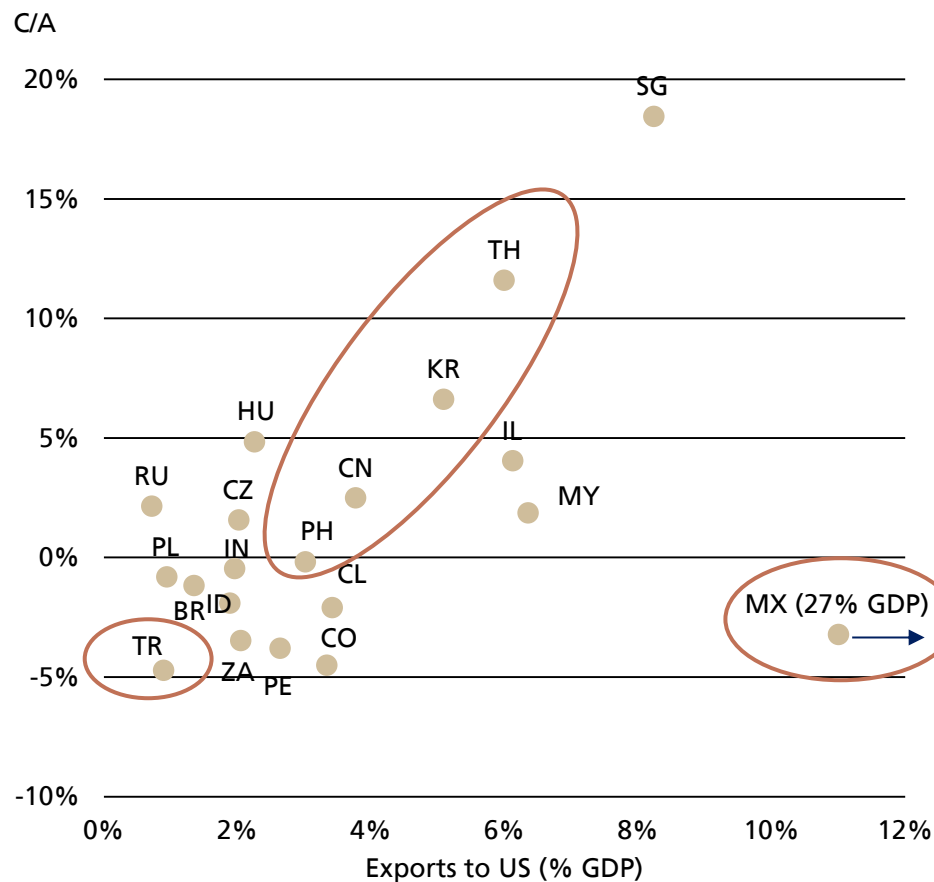
Average monthly total USD return, 2003-2016



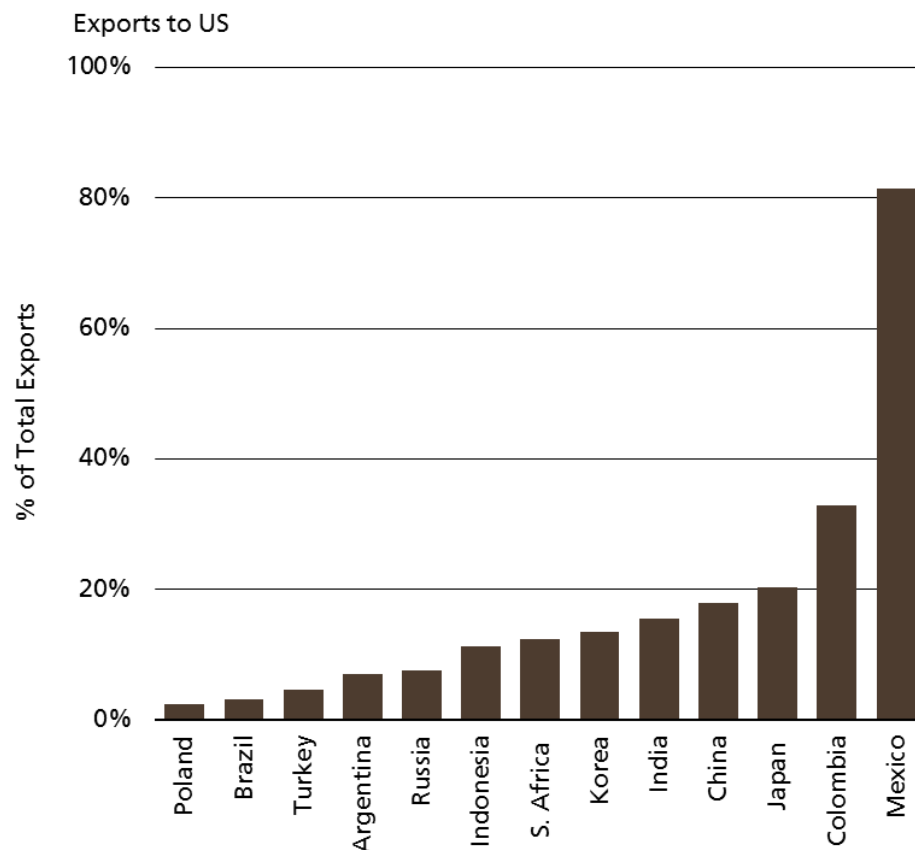
Source: Haver Analytics, Goldman Sachs Global Investment Research. As of 31 October 2016

Some EM countries more sensitive to US policy...

More vulnerable are economies with external vulnerability (current account balance) and manufacturing exports to the US



Source: Citi Research as of December 2015

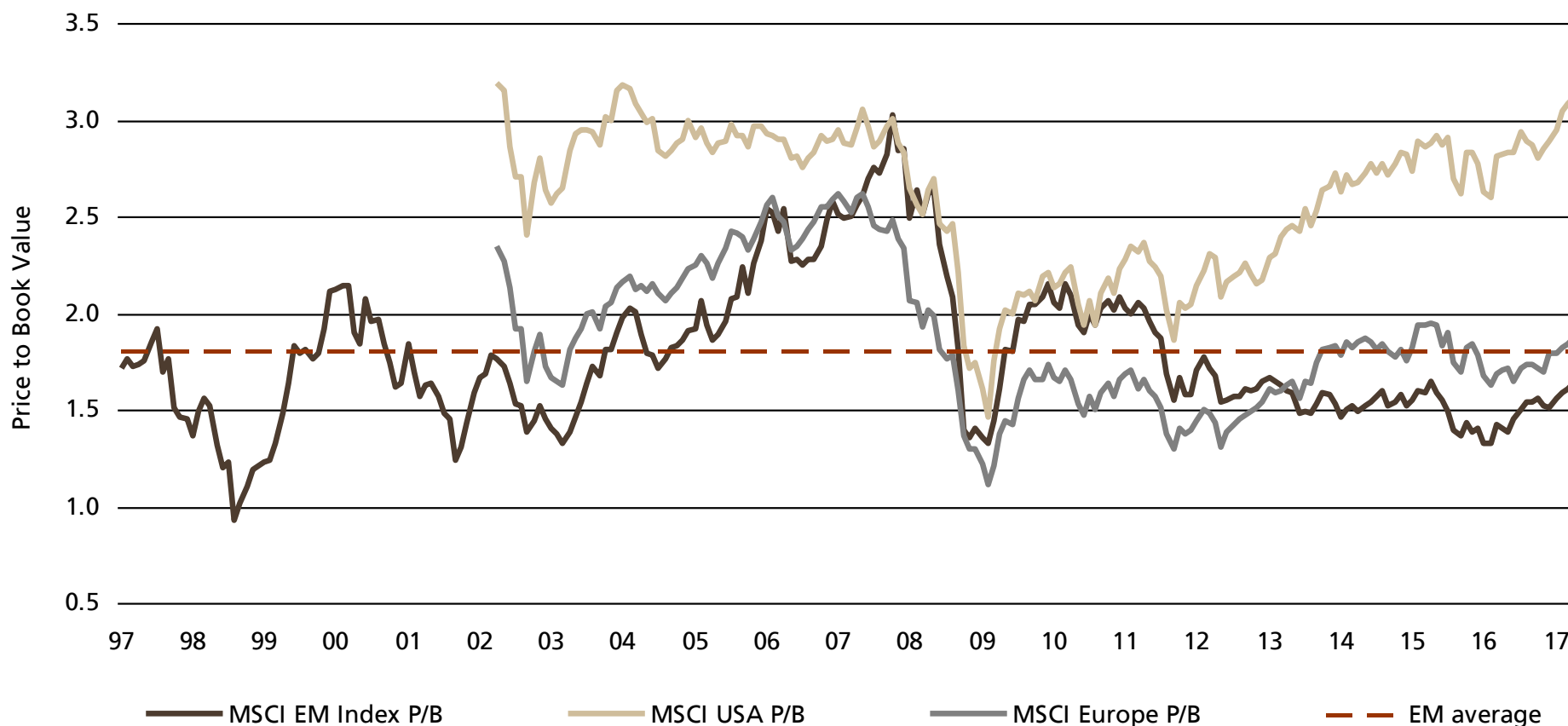


Source: Morgan Stanley Research as of November 2016

Valuations are attractive

Valuations in EM are below average and below DM

Index P/B (31 January 1997 – 31 May 2017)



Source: FactSet, MSCI. Data up to 31 May 2017

Summary: EM – Cycle is favourable

- The economic cycle in EM has bottomed
 - Most imbalances have been corrected
 - Typical upswings and downturns in the economies last 5-7 years
- EM Equities are starting the cycle from reasonable valuation, particularly compared to other asset classes
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Source: UBS Asset Management

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Section 2

Emerging Markets Equity HALO strategy

Emerging Markets Equity HALO strategy at a glance

Concentrated, active portfolio of best ideas across Emerging Markets



- Dedicated team of 24 investment professionals averaging 16 years investment experience
- Most members originate from Emerging Market and Asian countries
- Special strength, dedicated team and track record for China equities



- Primary fundamental research, price-intrinsic value calculation and proprietary quality assessment
- Bottom-up highly selective portfolio construction, unconstrained by the benchmark
- Concentrated portfolio of 25-35 stocks results in high active share



- Strong performance track record: ~5% over the MSCI EM Index p.a. since inception¹, outperforming in 100% of rolling 3-year periods since inception
- Historically, over two-thirds of excess return generated through stock selection

¹ Inception date: 1 September 2008

Please note that past performance is not a guide to the future
Source: UBS Asset Management

Section 2.A

Emerging Markets Equity HALO strategy

People

Emerging Markets Equities investment team

A stable and experienced investment team with average industry experience of 16 years

Geoffrey Wong¹
Head EM & Asia Pacific Equities



EM PMs

Urs Antonioli¹
Head of EM EMEA/
Latin America Equities



Gabriel Csendes¹
Portfolio Manager/
Analyst






Shou Pin Choo¹
Portfolio Manager/
Analyst



Manish Modi¹
Portfolio Manager
Asia ex Japan



-  Singapore
-  Zurich
-  Hong Kong

Regional Strategy PMs

Raymond Wong
Portfolio Manager/
Analyst



Bin Shi
Portfolio Manager
China



Equity Specialists

Projit Chatterjee¹
Senior Equity Specialist



Alexis Freyisen
Equity Specialist



Vivien Ng
Equity Specialist



Denise Cheung
China Specialist



EM industry Analysts

Gabriella Abderhalden
Analyst



Luiz Fornari
Analyst



Matthew Adams
Analyst



Leslie Chow
Analyst



Chee Seng Chan
Analyst



Benita Mikolajewicz
Analyst



Kevin Koh
Analyst



Kelvin Teo
Analyst



Princy Singh
Analyst



China industry Analysts

Yu Zhang
Analyst



Derrick Sun
Analyst



Morris Wu
Analyst



Rong Ye
Analyst



¹ Member of Emerging Markets Equity Strategy Committee
As of May 2017

Section 2.B

Emerging Markets Equity HALO strategy

Process

Proven investment philosophy

Guiding principles

Overview

- We believe that a high-conviction portfolio, which exploits the inefficiencies uncovered through a long-term price to intrinsic value methodology, provides the opportunity to maximize alpha

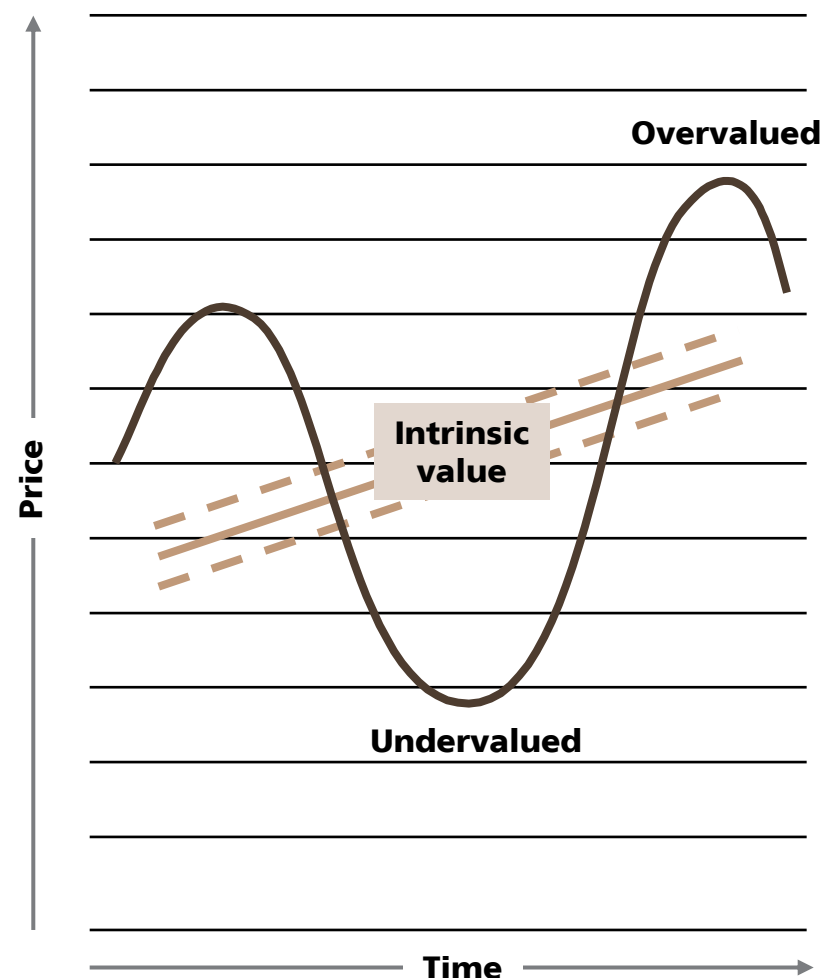
Price to intrinsic value

- A 30+ year history of price to intrinsic value investing focused on fundamentals
- Our estimate of intrinsic value is determined by the fundamentals that drive a company's future cash flow
- Discrepancies between price and intrinsic value, combined with market behavior, provide opportunities to add value

Focus on quality

- Industry structure and competitive positioning
- Profitability trends and sustainability
- Governance, disclosure, environmental and social practices

Source: UBS Asset Management



For illustrative purposes only.

A research process that drives results

Fundamental research by analysts contributes majority of alpha

Proprietary primary research

- Analysts are organized by sector and typically cover 20-40 names each
- Analysts conduct in-depth industry and company research to seek out unconventional sources of information
- Company research visits attended by both PMs and Analysts
- Engage with suppliers, competitors and other industry experts

Quality assessment

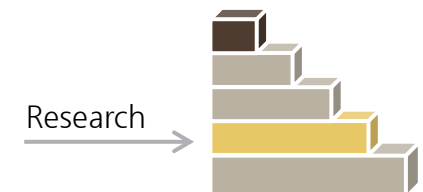
- A quality checklist is required for each company covered, in order to systematically quantify qualitative factors, resulting in a score
- Checklist covers 30 items organized into three key categories:
 - Industry Structure
 - Profitability
 - Governance, disclosure, environmental and social practices

Intrinsic value calculation

- Determined by the fundamentals that drive a security's future cash flow
- Modelling financial statements over 5 years
- Proprietary valuation model and system, Global Equity Valuation System (GEVS), used across UBS Asset Management globally

Ranking

- The most attractive ideas are ranked amongst each analyst sector
- Top ranked names per analyst brought forward to peer review process



Source: UBS Asset Management

Quality Checklist

A proprietary tool to systematically quantify qualitative factors

Quality assessment

- A **quality checklist** is required for each company covered, in order to systematically quantify qualitative factors, resulting in a score
- Checklist covers 30 items organized into three key categories:
 - Industry Structure
 - Profitability
 - Governance, disclosure, environmental and social practices

COMPANY CHECKLIST v.2017.01.26 For Asset Management Internal Use Only

Company: TSMC
 Bloomberg ID: 2330 TT
 Analyst: Analyst name
 Date: 26. Jan 17

	% Score	Subtotal	Max score
Total:			
Industry Structure and Company's Competitiveness:	69%	190	275
Profitability, trend and sustainability:	74%	115	155
Governance, disclosure, environmental and social practices :	96%	455	475

	Score	Max score
A. Industry Structure and Company's Competitiveness		
1 How concentrated is the industry?		
a Not concentrated (eg number of relevant competitors >8 or Herfindahl-Hirschman Index <10%, or market share of top 4 (CR4) < 50%)	0	
b Moderate (eg number of relevant competitors 4-7 or HHI 10-18%, CR4 50-80%)	10	
c Concentrated (eg. number of relevant competitors <4 or HHI >18% or CR4>80%)	20	
Answer: [Redacted]		
Optional Comment: [Redacted]		
	20	20
2 Is the number of competitors in the industry increasing or decreasing?		
a Increasing significantly	0	
b Increasing slightly	10	
c Stable	12.5	
d Decreasing	20	
e Significant consolidation	25	
f Not Applicable	12.5	
Answer: [Redacted]		
Optional Comment: [Redacted]		
	10	25
3 Are competitors increasing capacity at a rate beyond demand growth?		
a Well in excess	0	
b Somewhat in excess	10	
c In line	15	
d Capacity growing somewhat less than demand	20	
e Capacity highly constrained	30	
f Not Applicable	15	
Answer: [Redacted]		
Optional Comment: [Redacted]		
	15	30
4 Expected trend in intensity of rivalry in the industry eg price competition, attempts to gain market share etc:		
a Intense price or other forms of competition expected to continue	5	
b Benign competitive environment expected to continue	25	
c Moderately competitive environment expected to continue	15	
d Rivalry expected to get worse	0	

Number of questions:

- Industry structure & competitive positioning = 10
- Profitability trends and sustainability = 6
- Governance, disclosure, environmental and social practices = 14

Research →



Note: For illustrative purposes only. This information should not be considered a recommendation to purchase or sell any security.
 Source: UBS Asset Management

Global Research drives valuation

Global Equity Valuation System (GEVS)

Intrinsic value calculation

- Determined by the fundamentals that drive a security's future cash flow
- Modelling financial statements over 5 years
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Valuation

Normal EPS growth

Long term profitability

Risk

UBS GEVS Global Equity Valuation System GEVS v6.31

Companies | Histograms | Portfolios | Reports | Analytics | About GEVS | Personal | Admin

Symbol/Name: Go Report: Go

Filter: EM Global (ex-HK/SG) Edit Add View: GEVS View EM_industry valuation Edit Add

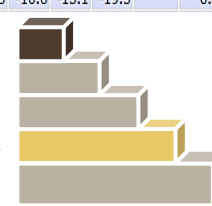
Portfolio: Filtered Companies Only

332 records found. Displaying all records

Print Export Show All Refresh [All] ABCDEFGHIJKLMNOPQRSTUVWXYZ

SEDOL	Sec. Name	Ticker	Alpha (G)	Mkt. Price	ACT	NGR	NPO	NROE	NPE	Beta	Analyst	Country	MSCI Ind.	MSCI Sect.	Est. Date	MCAP USD	Implied Rate	1M USD	3M USD	1Y USD	BRF EMF	MSCI EMF
18.3	3.7	A	6.0	40.4	10.1	12.3	1.1	Fornari	BR	06 Metals	02 Materials	30Sep14	0.6	31.6	-16.9	-42.3	-67.3					0.01
-9.3	42.1	A	7.5	54.9	16.6	15.9	1.1	Abderhalden	MX	35 Food Prod	05 Consmr Staples	31Mar15	12.1	1.4	-2.9	-6.3	-21.0					0.11
1.6	12.8	A	6.0	50.0	12.0	12.9	1.1	Fornari	MX	04 Const Matl	02 Materials	31Dec14	10.4	12.3	-14.6	-18.6	-35.2					0.28
5.6	84.6	A	7.0	38.4	11.4	13.4	1.0	Csendes	MX	45 Commercial Banks	07 Financials	31Dec14	14.5	15.9	-6.1	-8.4	-24.5	2.32	0.35			
9.7	8.0	A	7.0	41.7	12.0	11.7	1.3	Csendes	BR	45 Commercial Banks	07 Financials	31Dec14	10.0	23.7	-16.3	-27.7	-35.5					0.23
2.9	7.8	A	6.0	50.0	12.0	12.9	1.1	Fornari	MX	68 Unknown	11 Unknown	31Dec14	10.3	13.5	-15.5	-19.5	-35.5					
-3.9	36.0	A	7.0	82.9	41.1	18.3	1.1	Abderhalden	MX	37 House Prod	05 Consmr Staples	30Jun15	3.6	6.8	2.3	1.8	-12.9					0.09
-1.4	17.1	A	10.0	52.3	20.9	18.3	1.3	Abderhalden	BR	31 Multiline Ret	04 Consmr Discr	30Mar15	3.9	12.6	-4.3	-10.4	-22.1					0.07
15.4	7.4	A	2.0	81.8	11.0	12.9	1.0	Mikolajewicz	RU	62 Wireless Svcs	09 Telcos	31Dec14	8.0	27.2	-15.7	-31.5	-53.4					0.11
9.2	41.5	A	7.0	64.9	20.0	17.4	1.3	Fornari	MX	06 Metals	02 Materials	30Jun14	20.3	20.6	-15.3	-13.5	-26.8	1.42	0.27			
25.3	5.6	A	6.0	40.0	10.0	13.4	0.9	Fornari	BR	06 Metals	02 Materials	30Jun14	2.0	37.8	-28.6	-50.2	-70.8					0.04
2.5	15.2	A	6.5	44.9	11.8	14.2	0.9	Mikolajewicz	MX	62 Wireless Svcs	09 Telcos	31Dec14	40.5	12.5	-10.6	-13.1	-19.5					0.83

Research →



Note: For illustrative purposes only. This information should not be considered a recommendation to purchase or sell any security.
 Source: UBS Asset Management

Peer review process key to portfolio construction

Peer review process

- Analysts discuss / debate research and conclusions with portfolio managers
- Consensus decision on overall rank
- Typically, the top 1 – 4 stocks per sector eligible for inclusion in portfolio

Portfolio construction

- Bi-weekly meetings of EM Strategy Committee
- Assessment of macro warning flags, and country / sector considerations
- Decision on analyst weights and number of stocks per analyst, under equal stock weight assumptions
- All decisions are based on discussion and consensus

Portfolio construction parameters¹ / Characteristics

- Concentrated portfolio of ~30 stocks (Range 25-35)
- Stock weight typically 2-6%, max 10%
- Country and sector weights are typically within +/- 10% of the benchmark weight², max 40%
- Typical turnover range is 20-50%
- Active share is typically over 80%
- Tracking error typically 4-8%, max 12%

¹ Portfolio construction parameters are presented for informational purposes only and are subject to change

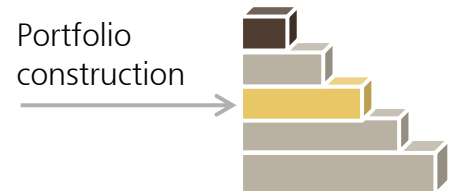
² Benchmark refers to the MSCI Emerging Markets index

Typical tracking error data are indicative only. Tracking error is an ex-ante forecast calculated using BARRA or other suitable system based on the final valuations of the last working day of each month. The ex-ante tracking error is an indicative forecast only and may not reflect the realised (ex-post) tracking error experienced by the Portfolio. Tracking error levels are reported to clients on a quarterly basis

Peer
Review
Process



Portfolio
construction



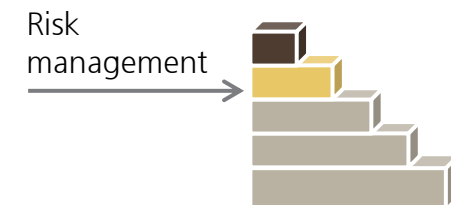
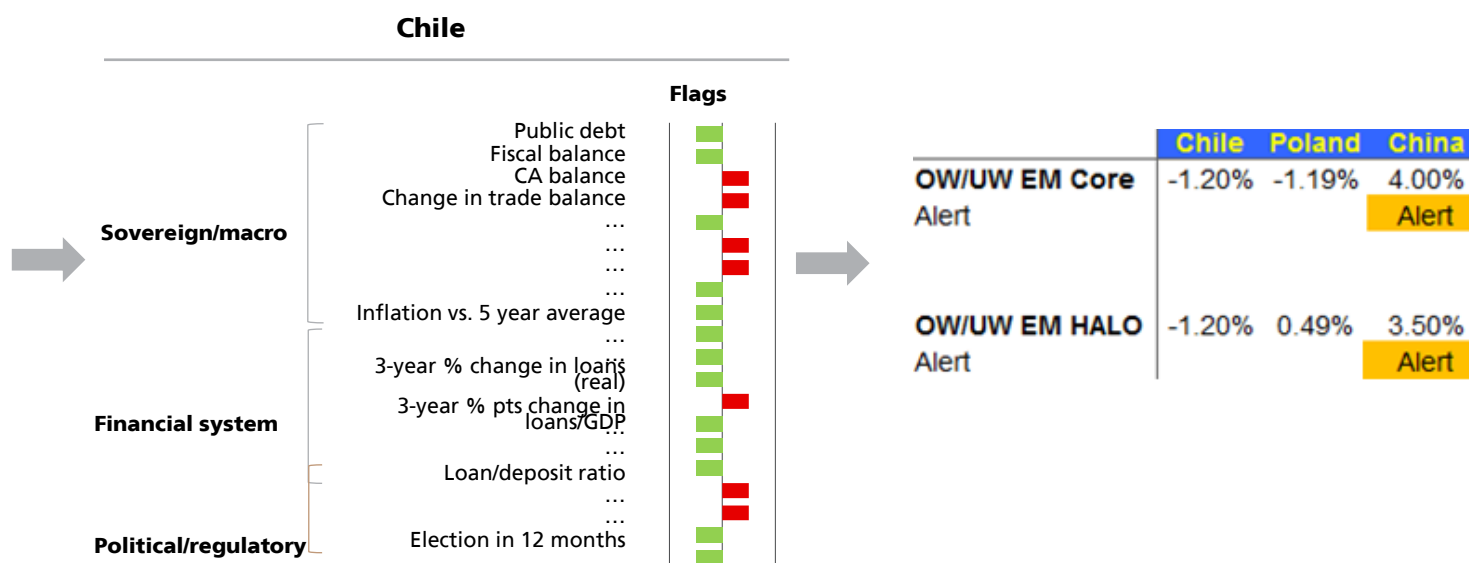
Macro inputs and risk control

Macro risk indicator tool

- Macro risk indicators tool monitors macro parameters across each EM country:
 - Sovereign / Macro risk
 - Financial system risk
 - Political & Regulatory risk
- Provides warning flags when these indicators exceed predefined limits, and/ or if the country scores poorly in aggregate

Analyzing 30 macro parameters for each EM country

Combining portfolio weights with macro triggers to create alerts



Note: For illustrative purposes only. This information should not be considered a recommendation to purchase or sell any security.
 Source: UBS Asset Management

Risk management

Built into each step of the process

Bottom up...through our research process



- Quality checklist on each company helps to avoid the bottom-tier quality stocks

Top down...through our construction process



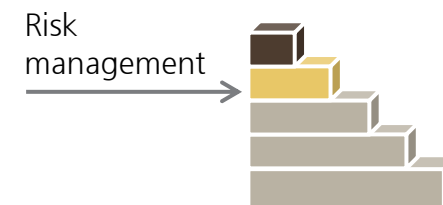
- Macro risk indicators tool monitors macro parameters across each EM country:
 1. Sovereign / Macro risk
 2. Financial system risk
 3. Political & Regulatory risk
- Provides warning flags when these indicators exceed predefined limits, and/ or if the country scores poorly in aggregate

...and through our proprietary risk system



- Quantifies portfolio risks
- Taking appropriate compensated risks
- Systematically monitored by EM Committee chair

For illustrative purposes only.
Source: UBS Asset Management



EME HALO - the best of both worlds

The benefit of portfolio concentration and risk diversification

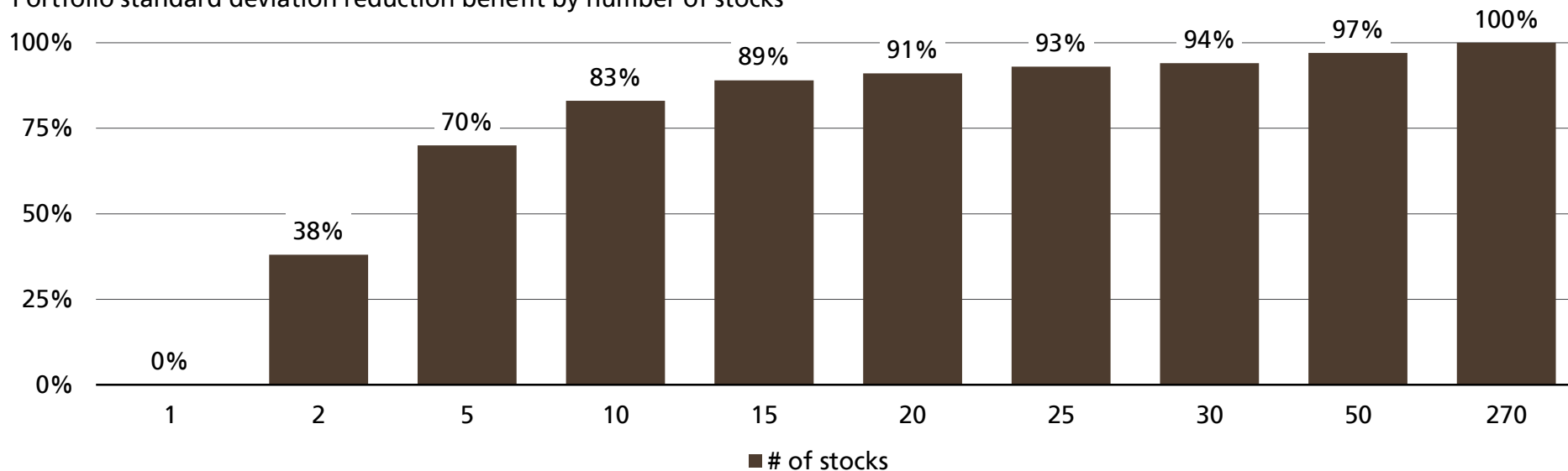
- **Concentrated with high active share of ~80%, allowing for high alpha generation**
 - 25-35 "best ideas"
 - Strong track record since inception: >5% alpha p.a
- **Yet well diversified**
 - Portfolio diversified across regions, sectors and countries
 - Strong risk control at all levels of investment process
 - >90% of diversification reached with 25-35 companies
- **Consistency:**
 - Low volatility of alpha: for all 3 year-rolling periods fund return > benchmark
 - Attribution of risk: mostly stock specific (2/3rd of total active risk)
 - Attribution of return: mostly stock selection (2/3rd of alpha)

Inception on Aug 31, 2008. Data per end of May 2017
Source: UBS Asset Management

Well diversified

- Diversification across regions, countries and sectors
- >90% diversification reached with 25 - 35 companies¹

Portfolio standard deviation reduction benefit by number of stocks



Source: ¹Based on methodology described in a 1968 paper by John Evans and Stephen Archer, Diversification and the Reduction of Dispersion: an Empirical Analysis; uses an average individual-stock standard deviation of 45%, an inter-stock correlation of 0.11 and equal weighting.

Note: Standard deviation reduction obtained by adding stocks (based on equal weight principle) to a one stock portfolio (with standard deviation of 45%) compared with a fully diversified market portfolio with standard deviation of 15%. Please note that only firm risk and industry risk are diversifiable risks.

Section 2.C

Emerging Markets Equity HALO strategy

Performance & Positioning

Emerging Markets Equity HALO Portfolio

Portfolio positioning as of May 31, 2017

Sector weights (in %)	Strategy	Benchmark	Relative to Benchmark
Financials	29.8	23.7	6.1
Information Technology	29.8	27.6	2.2
Materials	8.3	7.1	1.3
Real Estate	3.0	2.6	0.4
Consumer Discretionary	9.0	8.9	0.1
Consumer Staples	7.0	7.0	0.0
Energy	6.5	6.8	-0.3
Telecommunication Services	3.6	5.5	-1.9
Health Care	0.0	2.3	-2.3
Utilities	0.0	2.6	-2.6
Industrials	0.0	5.8	-5.8

Country weights (in %)	Strategy	Benchmark	Relative to Benchmark
Thailand	6.3	2.2	4.1
Russia	7.2	3.4	3.8
Indonesia	4.1	2.5	1.5
South Africa	8.2	6.8	1.3
China	28.9	27.7	1.2
Poland	2.1	1.3	0.8
India	9.0	8.8	0.2
Brazil	6.0	6.9	-0.8
Mexico	2.7	3.5	-0.9
Turkey	0.0	1.1	-1.1
Chile	0.0	1.2	-1.2
Philippines	0.0	1.2	-1.2
Korea	14.1	15.7	-1.5
Malaysia	0.0	2.4	-2.4
Taiwan	8.5	12.2	-3.7

Source: UBS Asset Management, Factset

Benchmark listed is for the MSCI Emerging Market Index. The following countries not shown: Colombia, Czech Republic, Egypt, Greece, Hungary, Peru, Qatar, UAE (UW = 3.3%). Cash is 3.0%. Information based on a representative account within the EM Equity HALO composite. Naspers classified as Information Technology (Official MSCI Classification Consumer Discretionary)

Composite performance

Total returns (USD) and volatility in % for periods ending May 31, 2017

	1 month	YTD	1 year	Annualized		
				3 years	5 years	Since inception ¹
Emerging Markets Equity HALO Composite	3.85	20.94	34.69	9.04	8.08	8.32
MSCI Emerging Markets index (r)	2.96	17.25	27.41	1.62	4.54	2.97
Value added	0.89	3.69	7.28	7.42	3.55	5.35
Standard deviation: Composite			9.94	14.74	14.11	24.07
Standard deviation: Benchmark			9.19	16.02	14.42	23.60

Source: UBS Asset Management

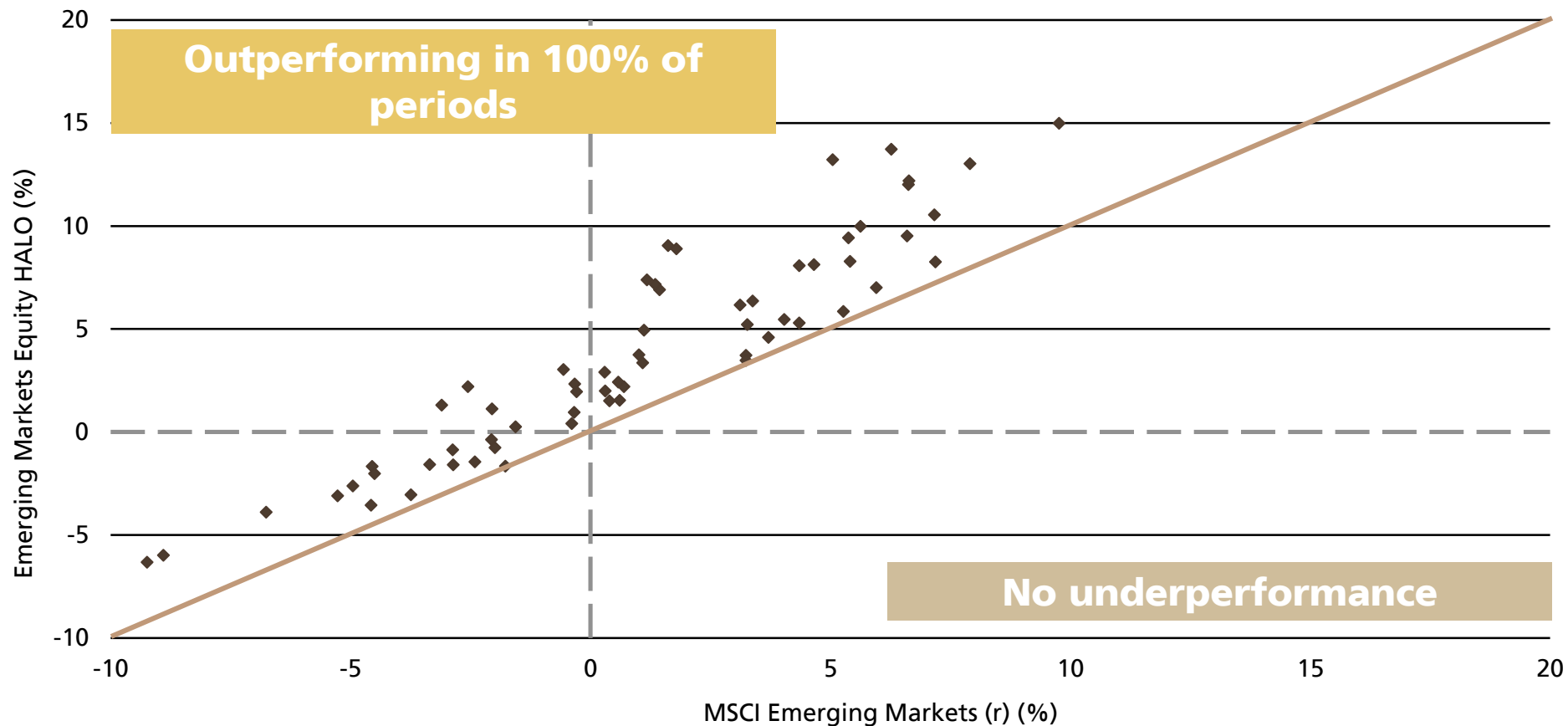
¹ Inception as of August 31, 2008

Note: The returns shown above are based on currently available information and are subject to revision. **Past performance is not indicative of future results.** Performance figures are gross of fees. Please see attached composite disclosure information. Annualized standard deviation is based on monthly logarithmic returns

Composite performance vs. MSCI EM

Annualized rolling three-year returns, monthly (in USD)

Since inception through May 31, 2017



The returns shown above are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.** Performance figures are gross of fees, since inception through May 31, 2017. Please see attached composite disclosure information.

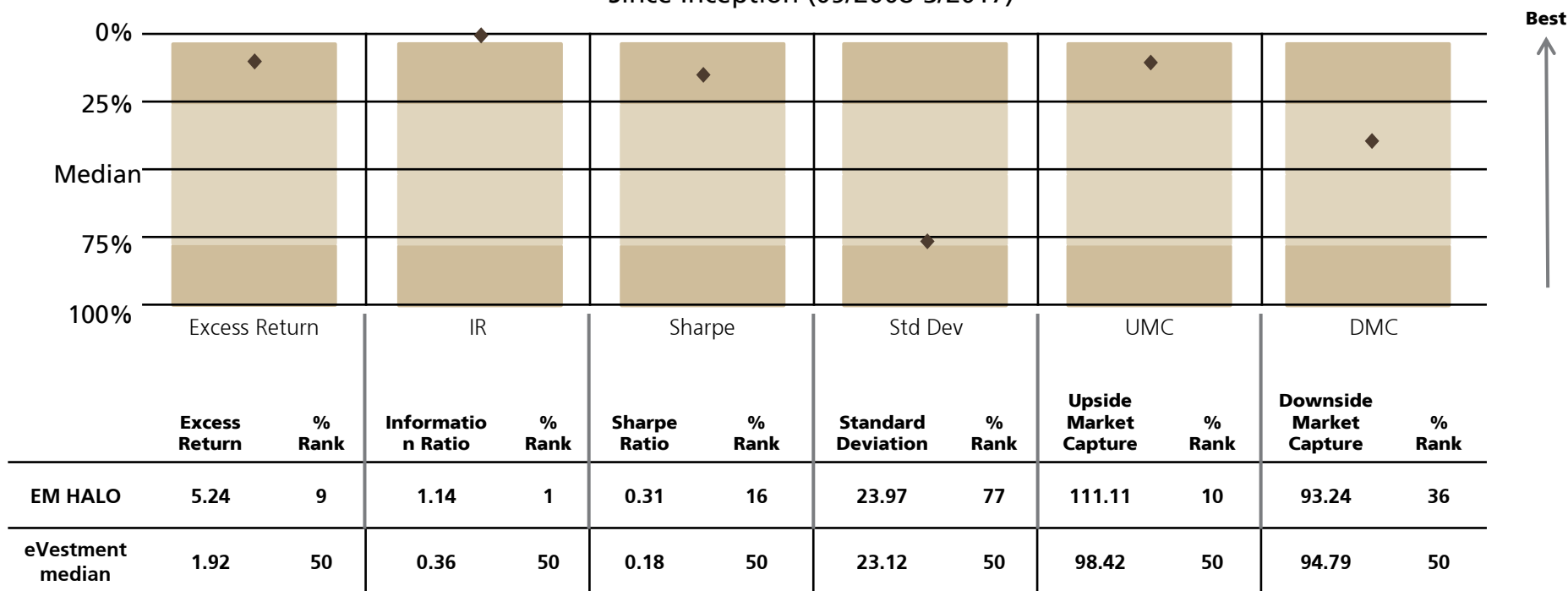
Strong performance vs. peers

Since inception statistics as of March 31, 2017

Universe: eVestment Emerging Markets All Cap Core Equity

◆ **UBS AM (USD): Emerging Markets Equity HALO**

Portfolio Statistics Since Inception (09/2008-3/2017)



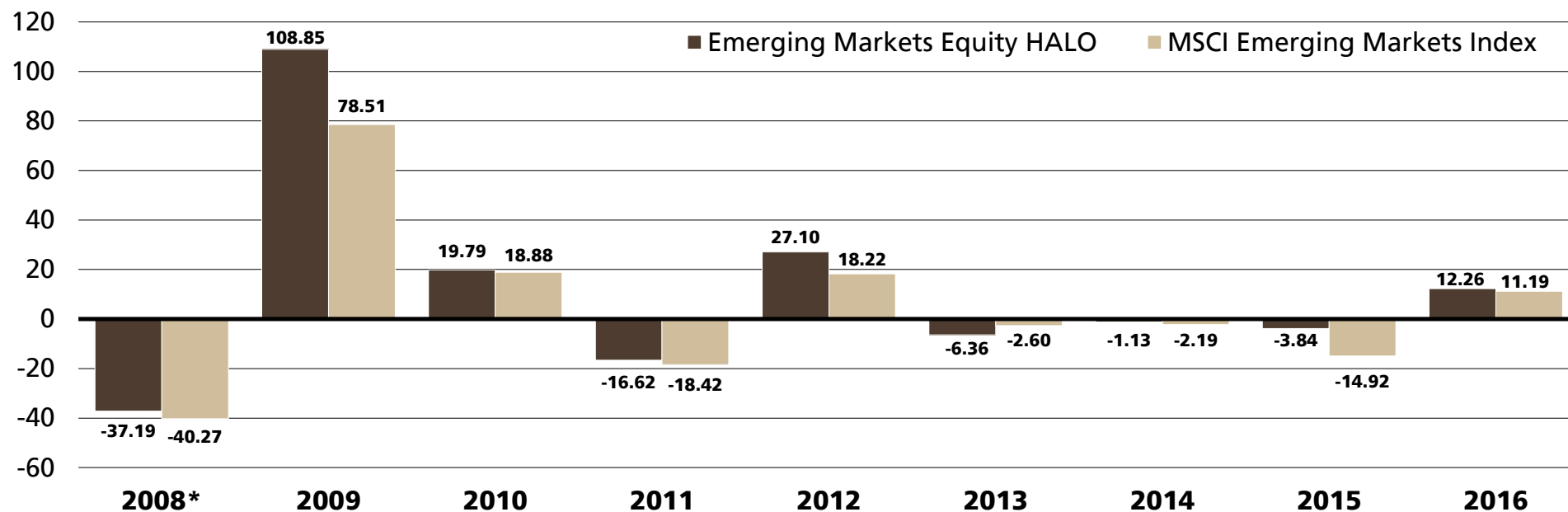
Source: eVestment Alliance

Note: The returns shown are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.** Performance figures are gross of fees.

The eVestment Emerging Markets All Cap Core Equity peer universe includes 68 strategies as of May 1, 2017 for the since inception time period indicated. The eVestment Emerging Markets All Cap Core Equity peer universe is made up of equity products that invest primarily in small, middle, and/or large capitalization stocks in emerging market countries. The expected benchmark for this universe is the MSCI EM. The figures for standard deviation and DMC will differ than what is displayed in eVestment because of manual inversion.

Calendar year returns

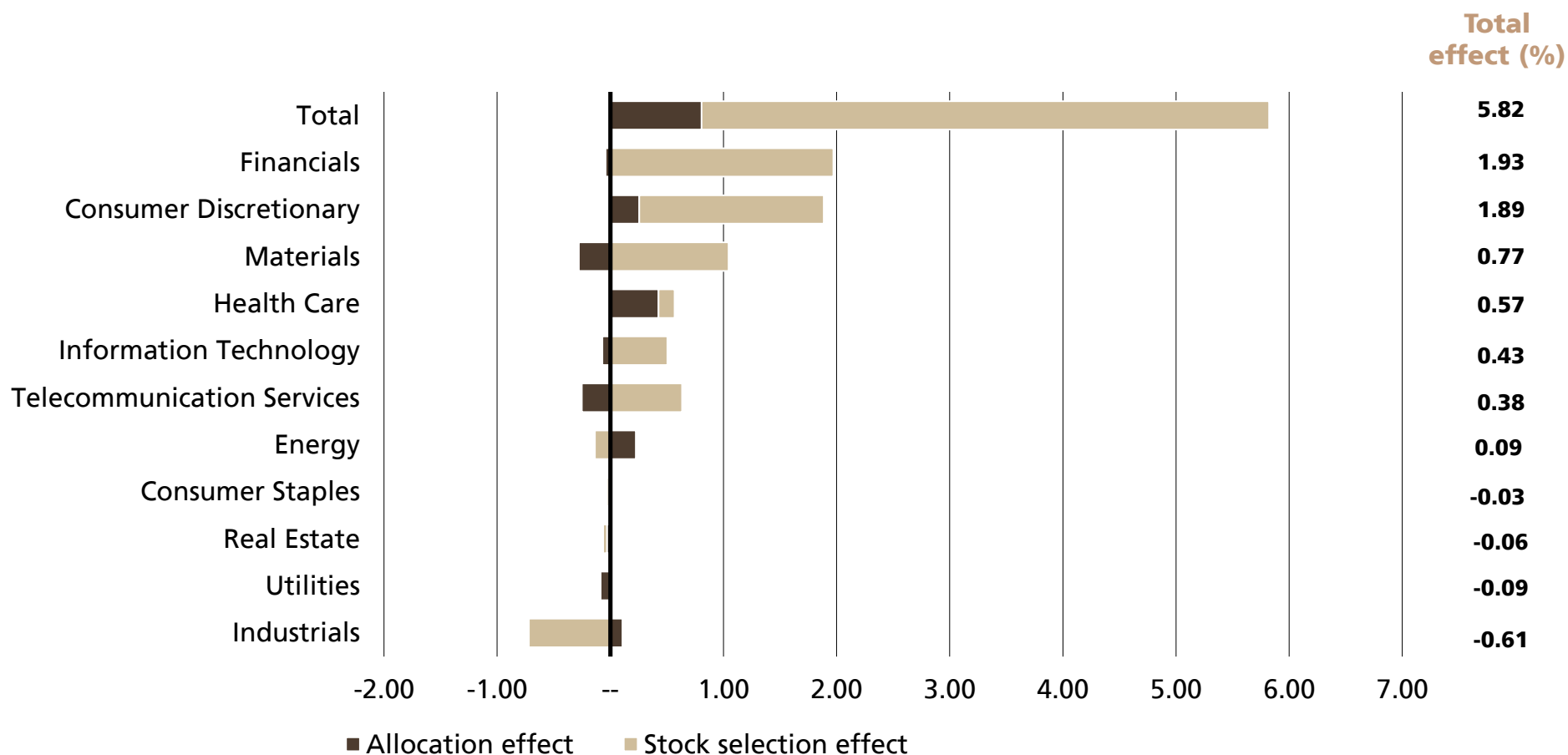
Annual returns - outperformance in 8 out of 9 years



Note: Total Annual Returns 2009-2016 in USD. *For 2008, returns from Sept 1 to Dec 31, 2008. EM HALO inception date was August 31, 2008. The returns shown above are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.** Performance figures are gross of fees. Please see attached disclosure information.

Performance attribution: Sector

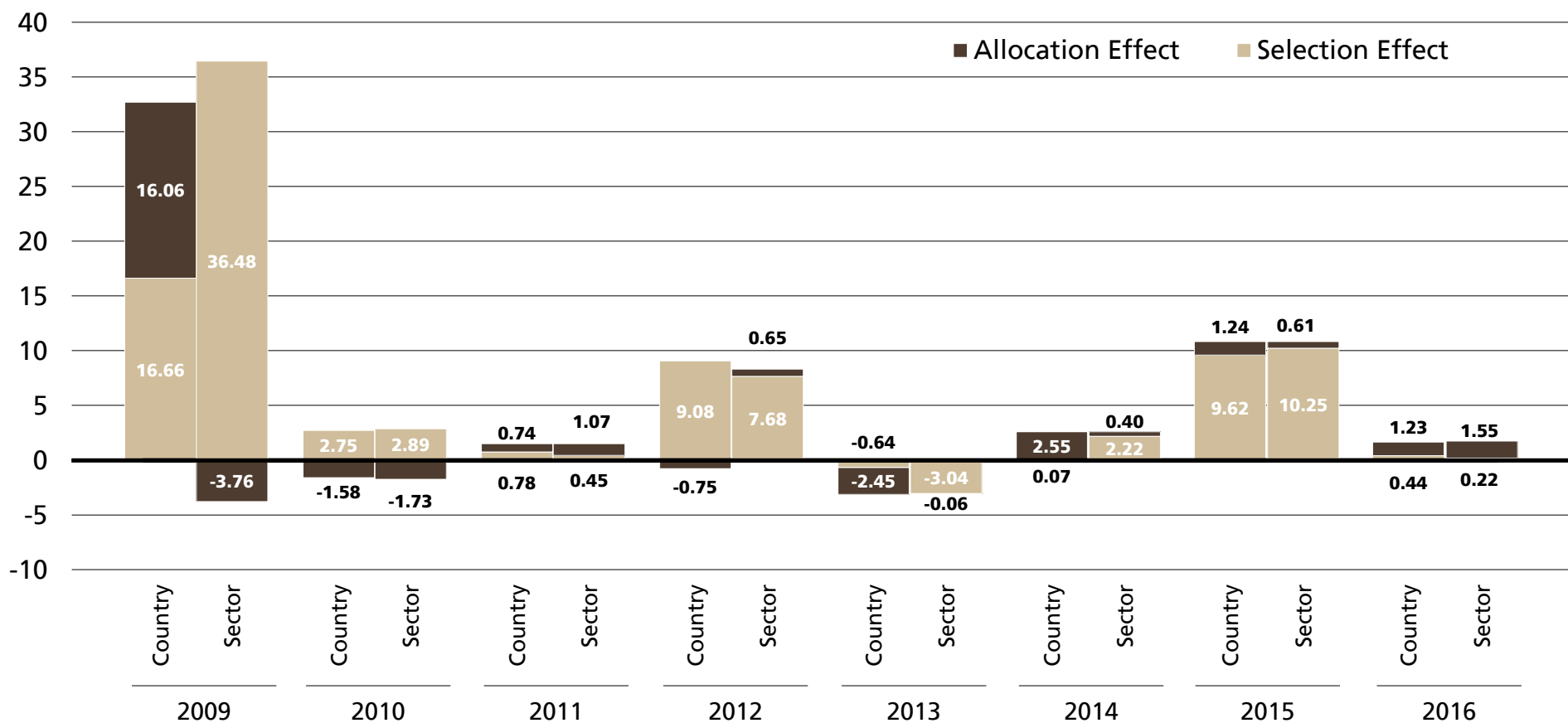
Since inception ending March 31, 2017 (USD, annualized)



Source: UBS Asset Management – Factset.

Note: The performance attribution analysis serves as an indication of the key drivers of performance and the total over-/underperformance numbers may differ from the actual/official performance of an account. Units of figures in the table are in percent. Performance attribution is for a representative account within the Emerging Markets HALO Composite and may vary. Attribution is calculated based on holdings in FactSet whose weights and performance versus the MSCI Emerging Markets Index determine the relative contribution over the selected period. The returns shown above are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.** Performance figures are gross of fees and in USD. Please see attached disclosure information. *This list represents all sectors in the EM HALO portfolio.

Performance attribution: Calendar year



Source: UBS Asset Management – Factset.

Note: The performance attribution analysis serves as an indication of the key drivers of performance and the total over-/underperformance numbers may differ from the actual/official performance of an account. Units of figures in the table are in percent. Performance attribution is for a representative account within the Emerging Markets HALO Composite and may vary. Attribution is calculated based on holdings in FactSet whose weights and performance versus the MSCI Emerging Markets Index determine the relative contribution over the selected period. The returns shown above are based on currently available information and are subject to revision. **Past performance is no guarantee of future results.** Performance figures are gross of fees and in USD. Please see attached disclosure information.

Summary: Emerging Markets Equity HALO strategy

Concentrated, active portfolio of best ideas across Emerging Markets



- Dedicated team of 24 investment professionals averaging 16 years investment experience
- Most members originate from Emerging Market and Asian countries
- Special strength, dedicated team and track record for China equities



- Primary fundamental research, price-intrinsic value calculation and proprietary quality assessment
- Bottom-up highly selective portfolio construction, unconstrained by the benchmark
- Concentrated portfolio of 25-35 stocks results in high active share



- Strong performance track record: ~5% over the MSCI EM Index p.a. since inception¹, outperforming in 100% of rolling 3-year periods since inception
- Historically, over two-thirds of excess return generated through stock selection

¹ Inception date: 1 September 2008

Please note that past performance is not a guide to the future
Source: UBS Asset Management

Section 3

Appendix

Awards

- **Best EM Fund Manager – Geoffrey Wong**
Citywire Awards Germany, *as of March 2017*
- **Best EM Fund Manager – Geoffrey Wong**
Citywire Asia Awards (Hong Kong & Singapore), *as of March 2017*
- **Best in Class – UBS Global Emerging Markets Opportunity Fund**
Benchmark Fund of the Year Awards 2017 Singapore, *January 2017*



Past performance is not indicative of future results

Emerging Markets Equity HALO Portfolio

All portfolio holdings as of May 31, 2017

Country	Company	Sector
Brazil	Banco Bradesco Pn	Financials
	Vale	Materials
China	Alibaba Group Hldg Adr	Information Technology
	Brilliance China Auto	Consumer Discretionary
	China Construction Bank H	Financials
	China Mobile	Telecommunication Services
	China Resources Land	Real Estate
	New Oriental Educat Adr	Consumer Discretionary
	Ping An Insurance H	Financials
Tencent Holdings Li (Cn)	Information Technology	
India	Bharat Petroleum Corp	Energy
	Hdfc Bank	Financials
	Mahindra & Mahindra	Consumer Discretionary
Indonesia	Bank Mandiri	Financials
Korea	Samsung Electronics	Information Technology
	LG Household & Health	Consumer Staples
	Posco	Materials
Mexico	Grupo Fin Banorte	Financials
Poland	Pko Bank Polski	Financials
Russia	Lukoil Holdings(Rub)	Energy
	Magnit	Consumer Staples
	Sberbank Russia Com(Rub)	Financials
South Africa	Mondi	Materials
	Naspers	Consumer Discretionary
Taiwan	Largan Precision	Information Technology
	Taiwan Semiconductor Mfg	Information Technology
Thailand	Bangkok Bank	Financials
	Thai Beverage	Consumer Staples
	Thai Oil	Energy

Information based on a representative account with the EM HALO composite.

Note: For illustrative purposes only. This information should not be considered a recommendation to purchase or sell any security

Geoffrey Wong, CFA

Head of Global Emerging Markets and Asia Pacific Equities
Managing Director

Years of investment industry experience: 30

Education: Massachusetts Institute of Technology (US), SM, SB, MBA

- Geoffrey Wong is Head of Global Emerging Markets and Asia Pacific Equities with overall responsibility for all Emerging Markets & Asian, Japanese and Australian equity teams, strategies and research.
- Geoffrey is also responsible for research and portfolio management and construction for global emerging market strategies and is a member of the Equities Management Committee.
- Geoffrey joined UBS in 1997. His prior experience includes co-founding an Asian investment management firm, where he served as Director of Investment Management responsible for asset allocation and stock selection for global and regional institutional portfolios.
- Geoffrey served on the board of directors of Singapore Exchange, the combined stock and futures exchange of Singapore between 2003 and 2006. He is a member of the Singapore Society of Financial Analysts.

Emerging Markets Equity HALO Composite

Schedule of composite performance

UBS Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. UBS Asset Management has been independently verified for the periods January 1, 2002 through December 31, 2015. The verification reports are available upon request. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a Firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Performance : Emerging Markets Equity HALO
September 01, 2008 Through December 31, 2016

Amounts and returns expressed in USD (US DOLLAR)

Year	Gross Asset-Weighted Return (%)	Net Asset-Weighted Return (%)	Benchmark Return (%)	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)	# of Portfolios End of Period	Total Composite Assets End of Period (millions)	Asset Weighted Dispersion (%)	Composite Assets as % of Firm Assets
2008*	-37.19	-37.24	-40.27	N/A	N/A	1	13	N/A	0.00
2009	108.85	108.46	78.51	N/A	N/A	1	80	N/A	0.02
2010	19.79	19.42	18.88	N/A	N/A	3	668	0.20	0.13
2011	-16.62	-16.98	-18.42	27.16	25.56	3	977	0.59	0.19
2012	27.10	26.43	18.22	23.34	21.89	4	2,607	0.54	0.47
2013	-6.36	-6.85	-2.60	21.42	19.49	6	2,960	0.38	0.51
2014	-1.13	-1.63	-2.19	17.33	15.28	6	2,794	0.19	0.47
2015	-3.84	-4.23	-14.92	14.23	14.36	6	2,507	0.11	0.44
2016	12.26	11.66	11.19	14.76	16.22	6	2,707	0.22	0.47

* Performance Presented for Sep, 2008 through Dec, 2008. No statistics are annualized.

** 3 yr standard deviations are based on the gross returns

- EMEHALO - Emerging Markets Equity HALO Composite is a Multi-entrty Composite. It is a composite of high alpha, long only unconstrained accounts with a three to five year time horizon and flexibility to take meaningful positions in attractive price/value Emerging Market equities. Despite potential near term volatility, the funds will focus on Equities which stand to benefit disproportionately from Emerging Market growth, targeting 4-6% per annum of alpha. Benchmark is MSCI Emerging Markets (netUS) USD. This composite was created in January 2010.
- The Firm is defined as all actively and passively managed institutional and retail accounts of UBS Asset Management ("the Firm") throughout the world. The Firm was inceptioned in January 01, 2002 following the reorganisation of the asset management divisions of UBS AG under a single Asset Management brand. The performance record prior to 2002 is that of the local asset management division which managed the composite, and has been prepared in compliance with GIPS from the inception date of this composite. Each of the entities comprising the Firm definition is an affiliate of UBS AG. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.
- Investment returns are time-weighted total rates of return including cash and cash equivalents, income and realised and unrealised gains and losses, and are calculated using WM/Reuters exchange rates. Until 31/03/99 composite results were based on either monthly or quarterly revaluation of individual portfolios. From 01/04/99 there has been monthly revaluation of all portfolios and calculation of composite results. Composite results are weighted by individual portfolio size using start of period market values. Eligible portfolios are added to the composite at the start of the next measurement period following full investment. Individual asset classes of multi asset portfolios or sub-portfolios forming part of a larger portfolio, the returns for which have been included in another composite, are not included in the above composite. Returns for unithised funds are calculated on a mid-to-mid basis except for direct property which is calculated on an NAV-NAV basis. Investment Transactions are accounted for on a trade date basis. Where applicable, returns are shown net of non-recoverable withholding tax. Derivative instruments may be used for efficient portfolio management and currency management. Such instruments have not been used to leverage portfolios included in the above composite.
- The composite includes only fee-paying discretionary portfolios. Where the ability of the Firm to manage any portfolio against the specified client benchmark has been materially impacted by investment restrictions, the portfolio has been deemed to be non-discretionary.
- The rates of return are presented both net and gross of fees. Due to the graduated nature of fees, as account size increases, the annual percentage fee may decline. The calculation of net and gross returns as well as the nature of fee may differ across the regional performance offices. a) Return values are calculated net of fees. The gross returns are calculated based on all fee components excluding transaction costs by adding the daily fee components to the underlying net return. b) The rates of return are presented both gross and net of investment management and custody fees. Portfolio Management Fee agreements do cover the portfolio management fee, bundled fee contracts do cover portfolio management and custody fee. Both fee agreements do not cover transaction costs. c) The rates of return are presented both net and gross of investment management fees. Net of fee performance reflects the deduction of the highest fee charged, as described in Part II of Form ADV. Net of fee returns are calculated by geometrically deducting the deannualized highest annual management fee from each monthly gross return and geometrically linking the monthly returns for each period. d) The performance results are presented gross of management and custodian fees but after all trading expenses. Where a net return is also presented, this is calculated net of management fees and all trading expenses. This composite has a max flat rate of 234bps p.a. (this represent the highest possible standard fee for this composite) Due to the varying client segmentation the charged fee for this composite can differentiate. The flat fee includes all charges for portfolio management, custody, and other administrative fees.
- Composite dispersion represents the consistency of the Firm's composite performance results with respect to the individual portfolio returns within the composite. Presented is the asset-weighted dispersion (standard deviation) of the portfolios within the composite. Only portfolios in the composite for each full time period are included in the dispersion calculation and no dispersion is presented for composites consisting of only a single portfolio. The 3 year annualized ex-post standard deviations are based on monthly returns, shown starting with the first full 3 year calendar period.
- A complete list of all Firm composite descriptions is available upon request. The composite's past performance is not necessarily an indication of how it will perform in the future. Additional information regarding policies for calculating and reporting returns is available on request.

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