

## Enhanced Permanent Portfolio Strategy Certificates

January 2016

### Key figures

NAV in USD	917.87
Performance month	-1.71%
Performance since inception	-8.21%

### NAV development since inception



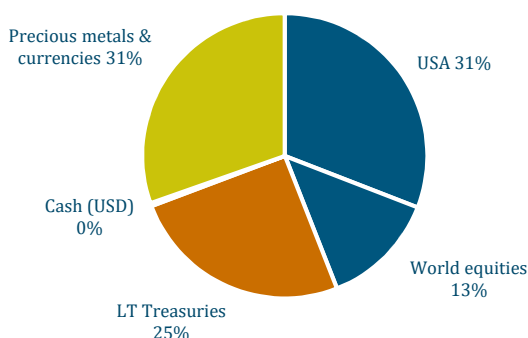
### Market comment

2016 started with a sizeable sell-off across risk assets, dominated by equity markets. Headline topics continued to be crude oil, China and the Middle East. Many commentators see the January sell-off as an irrational panic reaction, not supported by macro/economic fundamentals, even if a recessionary scenario gets more weight going forward.

The overall strategy was down 1.71% in January, with equities contributing -4.04%. The save-haven strategies, Treasuries and gold vs. currencies, improved the overall result, contributing 1.38% and 0.98%, respectively.

The portfolio construction continued to behave as designed, with (cross-) correlations across assets and strategies proving robust. During the month, the models rotated out of the European equities strategy into world equities and slightly increased the allocation to the gold/currencies strategy.

### Portfolio allocation



### Portfolio guidelines

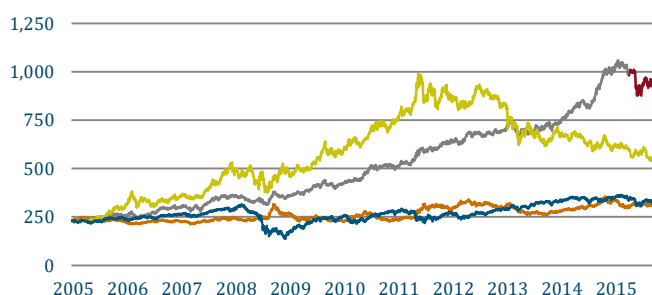
- Basket volatility is targeted at 12%
- Monthly rebalancing
- Allocation to individual sub-strategies limited to 40%
- Liquid global exchange traded products and cash

### Long term strategy performance

#### Statistics<sup>1</sup>

	EPPS	World equities	Treasuries	Gold
Month reported	-1.71 %	-5.30 %	5.57 %	5.41 %
Year-to-date	-1.71 %	-5.30 %	5.57 %	5.41 %
Last 12 months	-8.98 %	-8.44 %	-7.94 %	-13.37 %
Annualized return	13.83 %	2.66 %	3.36 %	8.92 %
Annualised StDev	12.39 %	20.90 %	14.49 %	20.02 %
Sharpe ratio	1.10	0.23	0.30	0.52
Max. drawdown	-17.14 %	-56.28 %	-28.46 %	-45.56 %
Correlation		0.22	0.32	0.39

#### Performance index



### Investment strategy

The strategy pursues a quantitative, rule-based investment process that adaptively allocates between stocks, bonds, commodities and cash instruments on a monthly basis to achieve a robust risk/return profile. Each of the asset classes is optimized individually applying a range of proprietary trading and allocation rules. Cross-correlations of instruments and asset classes are accounted for to achieve a significantly lower overall portfolio volatility.

Amongst the methodologies applied are various ranking and rotation algorithms across sectors, industries, markets and asset classes globally. The methodologies deployed have been thoroughly tested across a broad set of economic conditions. The strategy is designed as a diversified all-weather multi-asset strategy generating robust performance while mitigating downside risk during severe market crashes.

### Product terms and conditions

Currency	USD
Product type	Tracker certificates on the Enhanced Permanent Portfolio Strategy Basket
Issuer / rating	UBS AG, Zurich / S&P A, Moody's A2, Fitch A
Calculation agent	UBS AG, London Branch
Portfolio advisor	Rational Invest AG, Zurich
Security numbers	ISIN CH0284316327/ Valor 28431632
Issue price / denomination	USD 1'000 / 1 Unit
Launch date	1 July 2015
Maturity date	15 July 2022 (extendable)
Secondary market	Issuer facilitates a daily secondary market. Trading hours from 09:15 - 17:15 p.m. (CET)
Valuation	Daily NAV calculated & published
Management fees	2% p.a. (accrued daily)
Public Offering	Switzerland
Currency hedging	Foreign currency exposure is not hedged to USD

<sup>1</sup>Performance is based on daily backtesting from April 1, 2005 to June 30, 2015 (in grey) and realized performance of the Enhanced Permanent Portfolio Strategy Certificates (in USD) thereafter (in red). Backtested returns have been adjusted by 4% per annum to account for fees and trading costs, realized performance is net of all fees and costs. Reference asset classes: World Equities (iShares MSCI ACWI (ACWI) ETF), Treasuries (iShares Trust - 20+ Year Treasury Bond ETF (TLT)), Gold (SPDR Gold Trust (GLD)); Source: Rational Invest, UBS AG, Bloomberg