

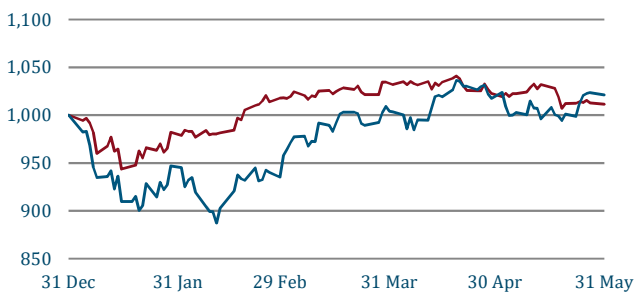
Enhanced Permanent Portfolio Strategy Certificates

May 2016

Key figures

NAV in USD	944.76
Performance month	-1.10%
Performance year-to-date	1.15%

Performance development year-to-date



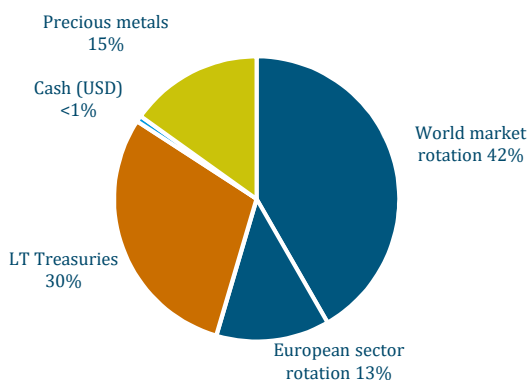
Market comment

May was generally a positive month for equities, although with dispersed returns across regions and sectors. US Treasuries sold off slightly in anticipation of a potential rate rise in June. Gold declined by more than 6% during the month.

The EPP Strategy lost 1.10% in May, bringing the YTD return to 1.15%. Gold contributed -1.64% to the overall negative return. Strategies in equities (+0.34%) and Treasuries (+0.20%) contributed positively, although performance was not strong enough to offset the losses in the gold strategy. This was mainly due to the strengthening USD (2.8%) against the EUR that had a detrimental effect on the non-USD equity exposures in the portfolio, rather than the local asset level performance.

Going into June, the models added the US technology sector strategy, exited Treasuries and rebalanced within the equity allocations. The gold allocation remained unchanged. The currency strategy was also added back to the portfolio.

Portfolio allocation (month-end)



Portfolio guidelines

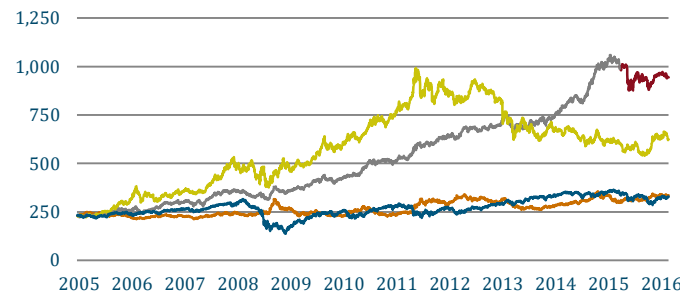
- Basket volatility is targeted at 12%
- Monthly rebalancing
- Allocation to individual sub-strategies limited to 40%
- Liquid & global exchange traded products and cash

Long term strategy performance

Statistics¹

	EPPS	World equities	Treasuries	Gold
Month reported	-1.10 %	0.33 %	0.60 %	-6.14 %
Year-to-date	1.15 %	2.11 %	7.94 %	14.39 %
Last 12 months	-8.40 %	-7.68 %	6.07 %	1.72 %
Last 60 months	75.21 %	14.69 %	34.62 %	-22.44 %
Annualized return	13.69 %	3.28 %	3.47 %	9.45 %
Annualised StDev	12.27 %	20.74 %	14.42 %	19.98 %
Sharpe ratio	1.09	0.26	0.31	0.55
Max. drawdown	-17.12 %	-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

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
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

¹Performance 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