

# Sample UBS Investment Monitoring Report

## Important Information About This Report

SAMPLE REPORT  
NOT FOR DISTRIBUTION TO THE PUBLIC

**Investment Monitoring:** Neither UBS nor any of its employees will track or monitor specific investments the Plan makes to determine whether they complement the Plan's Investment Policy, unless the Plan has engaged UBS for such services.

**Investments Within this Plan Report:** Your UBS Financial Services Inc. account statements are your official record of holdings, balances, transactions or securities values of investments held at UBS. Investments that are not available through UBS are noted on the "Portfolio Holdings" page. These investments are included at your request and such inclusion does not constitute an endorsement that the Plan continue to hold those funds.

If assets that you hold at other financial institutions are included in this report, we have done so at your request, based on information, including pricing and transactional information, you or your custodian at your direction furnished to UBS. You should review the account statements and other documentation provided by other financial institutions for their record of holdings, balances, transactions, and security values of assets held in those accounts, as well as notices, disclosures and other information important to you. Those documents may also serve as a reference should questions arise regarding the accuracy of the information in this report. UBS Financial Services Inc. SIPC coverage would only apply to assets held at UBS Financial Services Inc. You should contact your financial representative at any other financial institution where you hold an account to determine the availability of SIPC coverage, if any. UBS has not verified, and is not responsible for, the accuracy or completeness of information regarding assets held at other financial institutions.

We require that you hold and purchase only eligible managed assets in your advisory accounts. Please contact your UBS Consultant for a list of the eligible assets in your program. These reports may provide performance information for eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your advisory assets. As a result, the performance reflected in this report can vary substantially from the individual account performance reflected in the performance reports provided to you as part of those programs. For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. Neither UBS nor your UBS Consultant will act as your investment adviser with respect to Ineligible Assets. The investment advisory programs and brokerage accounts we offer are separate and distinct and each is governed by differed laws and separate contracts with you.

**Performance Results:** Performance is presented after deduction of manager fees and certain other expenses associated with the Funds. However, performance is shown gross of the deduction of Investment Advisory fees for the UBS Institutional Consulting or Retirement Plan Consulting Services Program. The payment of these fees will reduce your performance and will have a cumulative effect over time. The net effect of the deduction of advisory fees on annualized performance, and the compounded or cumulative effect over time, is determined by the amount of the fee and the account's investment performance. For example, for a portfolio in the RPCS Program that experiences an annual gross performance of 10% but incurs a 2% annual fee that is deducted quarterly on a prorated basis, will experience net annual performance of 7.98%, a reduction of 2.02% per year. Compounding will similarly affect the account's performance on a cumulative basis. Actual performance may be lower or higher than the results shown.

**Report Date and Valuation:** Information shown is current as of the most recent quarter end. This analysis may incorporate mutual fund and exchange traded fund performance results. Analytics shown are calculated based on the fund's Net Asset Value, which reflects the reinvestment of dividends and capital gains, as well as the deduction of 12b-1 fees and fund internal expenses (e.g. fund management fees). The analytics do not reflect the deduction of the sales load that is typically applicable when mutual fund shares are purchased, the UBS Consulting fee(s), where applicable, or the impact of taxes. Had the sales load, fee or taxes been included, the results used in this analysis would have been reduced.



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**Fund Eligibility:** Investment options that are not available through UBS, as well as investment options recently removed from the UBS fund eligibility list are specifically noted on the "Investments within this Plan Report" page. These investment options are included at your request and such inclusion does not constitute an endorsement that the Plan continue to hold these investment options. Please speak with your financial advisor for additional information.

**Mutual Fund Performance Information:** Additional information regarding each fund analyzed is presented in the Fact Sheets included with this analysis. Note that the information contained in this analysis was obtained from a variety of sources and UBS has not verified the accuracy of this information. **Mutual Funds are sold by prospectus and you should carefully consider important information on the fund's investment objectives, risk, charges and expenses. Please read the prospectus and offering documents carefully before you invest. Your UBS Consultant can provide a copy of the prospectus. For current month-end returns: <http://advisor.morningstar.com/familyinfo.asp>.**

Pre-inception Returns: The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the actual inception of a specific share class. While all of the share classes of a particular fund invest in the same securities, the fees and expenses of each share class differ. This causes each share class to reflect different performance.

Pre-inception performance is calculated in one of two ways:

- I. Where the new share class has higher fees: the historical monthly returns of the oldest share class are adjusted to reflect the increase in fees and expenses of the new share class.
- II. Where the new share class has lower fees: the historical monthly returns of the older share class reflect that class' higher fees and expenses. As of the inception date of the new share class, that class' lower fees and expenses are reflected.

While the inclusion of pre-inception data can provide valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structure of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. The operating expenses and sales charges of a fund, broken down by share class, are detailed in the fund's prospectus. Investors should understand that the adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar (the data provider) and MPI Stylus Pro (the report creation tool) may differ from those applied by other entities, including the fund itself.

You should be aware that a fund's return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. The funds' actual performance may be lower or higher than the performance shown.

**Market Snapshot and Benchmark Selection:** Benchmark information is illustrative and relates to historical performance of market indexes and not the performance of actual investments. Indexes are not available for direct investment and reflect an unmanaged universe of securities.



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Index results reflect the reinvestment of income but do not take into account advisory or transaction fees, the deduction of which would reduce the results shown. A description of each index that may be included in this analysis is contained in the Definitions. Past performance does not guarantee or indicate future results.

The benchmark indexes shown were identified by MPI based upon the Morningstar category the fund belongs within.

**Fund Score and Fund Scoring** – The Fund Scores illustrated in this report are based on evaluation criteria reviewed and selected by the Plan Sponsor. UBS does not make any representations regarding the representations of this process and makes no guarantee regarding the funds earning strong scores from this process. These scores are being provided to assist retirement Plan fiduciaries in evaluating the investment options offered under a defined contribution Plan. These scores do not constitute fiduciary advice or judgement, and should not be used in place of the retirement Plan fiduciaries' prudent review of the investment options. The fund scores are only one element for consideration when evaluating the appropriateness of investment options. This process does not factor other considerations that affect future performance, such as whether a manager's investment style is recently out of favor. For this reason, many investment options may outperform peers. A number of different factors should be considered when choosing to add remove or maintain a retirement Plan investment option.

**The Fund Scoring Process** – There are three types of fund evaluation methods available: Active, Passive, and Target Date. Active is the default fund scoring option and is available to be utilized for all funds. Passive funds, otherwise known as passively managed funds as identified by Morningstar, or Target Date Funds, as defined by their asset category, can have their own separate scoring and have their own evaluation criteria, listed and defined elsewhere in this section.

**Active and Passive Fund Scoring** - A fund score is comprised of a set of evaluation criteria selected for a Plan. The definitions of the criteria available for each type of fund scoring method, and their associated options are listed at the end of this section. A list of the criteria utilized in a Plan is listed at the beginning of the Executive Summary Report section. Each evaluation criteria has a quantitative threshold that determines whether that evaluation criteria passes or not for the fund based on fund data as of the most current calendar quarter. For example, if this evaluation criteria is selected: "Manager Tenure is greater than 10 years" If a fund manager has managed a fund for 11 or more years, then this evaluation criteria for that fund has passed for the quarterly score. If manager tenure data is 10 or less years, or data is missing, then the criteria does not pass. Evaluation criteria must be met for a pass evaluation score on that criteria. Lack of data for a criteria will cause that criteria to not pass. Once the number of evaluation criteria are selected, the fund Scoring Threshold is selected. This is the number of criteria that must meet or exceed for a fund itself to receive a "passing" score for the quarter. The passing threshold can be set to any number less than the total evaluation criteria selected.

**Target Date Fund Scoring Option** - Target Date Fund Scoring is based on a weighted rank scoring method. When this option is utilized, the score for a target date fund is calculated based on its composite weighted ranking within its target date asset category peer group.

- Importance Factors are Target Date criteria selected and weighted against each other by importance on a 100-point scale. Any single criteria selected can be weighted from 1 to 100. The total for all weighted criteria will add up to 100. A weighted composite ranking within each Target Date Asset Category (e.g. Target Date 2020, or Target Date 2030) is created based on the Importance Factors selected. A weighted ranking means that each Importance Factor is ranked against each fund in its peer group, then weighted according to the Importance factor weighting chosen, then the weighted rankings are combined to create a single composite fund ranking. The weighted score, or weighted ranking of each target date fund evaluated is then adjusted to fit the chosen Scoring Scale and compared to the Scoring Threshold.



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- The scoring scale requested in the system will adjust the original weighted composite ranking to fit the scoring scale of the report. For example, if a calculated weighted composite ranking of a fund was 50 out of the 100 possible score, and the designated scoring scale was 12, the fund would then show a score of 6 in the report ( $50/100 \times 12$ ).
- The Scoring Threshold defines what score is required for a fund to “Pass” for the quarter. For example, if the Scoring Scale was 12 and the Scoring Threshold was 7, a fund that had a fund score of 6 would not pass the quarterly evaluation. A fund that scored a 7 or above would pass.

**Asset Allocation Section** – The Asset Allocation Section lists each fund and is organized primarily by its Morningstar Asset Category. Other categories that are not Morningstar Asset Categories include:

- **Core Holdings:** Invested Plan Assets that do not fall into a Morningstar Asset Category because the investment is not a mutual fund or is not tracked by Morningstar. Examples of the types of items that can be included in this category include:
  - Stable Value Funds
  - Brokerage Windows
  - Company Stock
- **Non-Core Holdings:** Plan Assets that are not investments. Most frequently this category is utilized for in-Plan loans.
- The pie chart labeled “% of Assets” represents the composite underlying holdings of all funds in the Plan.
- **Definitions of the pie chart components:**
  - **Cash:** Cash and fixed-income securities with maturities of less than a year.
  - **U.S. Stocks:** Common equity shares of companies domiciled in the United States.
  - **Non-U.S. Stocks:** Common equity shares of companies domiciled outside of the United States.
  - **U.S. Bonds:** Fixed-income securities issued by companies domiciled in the United States and U.S. governmental bodies (federal, state, and municipal).
  - **Non-U.S. Bonds:** Fixed-income securities issued by companies domiciled outside of the United States and foreign governmental bodies.
  - **Other:** Includes preferred stocks (equity securities that pay dividends at a specific rate) as well as convertible bonds and convertible preferreds (corporate securities that are exchangeable for a set amount of another security, usually common shares, at a pre-stated price). “Other” also includes securities such as warrants and options.
  - **Unidentified:** Includes funds in which the fund itself or the allocation data was not available from Morningstar.

**Portfolio Style Section** - The Portfolio Style Section provides a series of grids that represent a graphical representation of the “investment style” of Plan investments. The Style box content includes: Fund Name, Assets, and Current Score.

- The first page of the section is focused on equity based funds. It classifies securities according to market capitalization (the vertical axis) and growth and value factors (the horizontal axis).
- On the second page, fixed income funds are classified according to credit quality (the vertical axis) and sensitivity to changes in interest rates as measured by a bond's duration (the horizontal axis).
- Also on the second page, Target Date Funds, Asset Allocation, and Specialty fund types have been placed in separate Style Categories to distinguish funds assigned to them, as these funds often contain both equity and fixed income holdings.
  - The Target Date Fund Category contains the assets contained in Plan Target Date Funds, which are classified in Morningstar’s Target Date Asset



- Categories (e.g. Target-Date 2025). The funds are combined and described as “Target Date Series” and the total assets are listed.
- The Asset Allocation Style Category include funds that comprise both equity and fixed income holdings, and contains funds in the following categories: Allocation--15% to 30% Equity, Allocation--30% to 50% Equity, Allocation--50% to 70% Equity, Allocation--70% to 85% Equity, Allocation--85%+ Equity, Convertibles, World Allocation, Tactical Allocation
  - The Specialty Style Category contains the following Morningstar Categories: Communications, Consumer Cyclical, Consumer Defensive, Energy Limited Partnership, Equity Energy, Equity Precious Metals, Financial, Global Real Estate, Health, Industrials, Infrastructure, Miscellaneous Sector, Natural Resources, Real Estate, Technology, Utilities

**You have discussed the receipt of this individually customized report with your Financial Advisor.** We assign index benchmarks to our asset allocations, strategies in our separately managed accounts and discretionary programs based on our understanding of the allocation, strategy, the investment style and our research. The benchmarks included in this report can differ from those assigned through our research process. As a result, you may find that the performance comparisons may differ, sometimes significantly, from that presented in performance reports and other materials that are prepared and delivered centrally by the Firm. Depending upon the composition of your portfolio and your investment objectives, the indexes used in this report may not be an appropriate measure for comparison purposes, and as such, are represented for illustration only. Your portfolio holdings and performance may vary significantly from the index. Your financial advisor can provide additional information about how benchmarks within this report were selected.

### Risk Considerations

Some of the general risk considerations associated with the investment options included in this report are described below. The descriptions are not meant to be a complete list of all investment risks. For more complete information regarding fees, expenses, risks and restrictions associated with these investments please review the offering documents and marketing materials. Investors should consult their tax advisor about their specific tax situation before investing in any securities. In addition, clients should familiarize themselves with the particular market risks and the other risks associated with the specific investment. All investments contain risk and may lose value.

**Offshore Funds:** Offshore mutual funds are not registered with the Securities and Exchange Commission and may not be sold to any person who is a citizen or resident of the United States.

**Target Date Funds:** Target date funds are funds where the target date is the approximate date when investors Plan to start withdrawing their money. Generally, the asset allocation of each fund will change on an annual basis, with the asset allocation becoming more conservative as the fund nears the target retirement date. The principal value of the fund(s) is not guaranteed at any time, including at the target date.

**Alternative Investments:** Non-traditional asset classes are alternative investments that include hedge funds, private equity, and private real estate (collectively, non-traditional or alternative investments). These investments can be subject to substantial risks (including the risks associated with limited liquidity, the use of leverage, short-sales and concentrated positions), may involve complex tax structures and strategies, and may not be easily valued. The risks of alternative investments should be carefully considered in light of your investment objectives, risk tolerance and net worth. Alternative investments are speculative and entail substantial risks, which may place your capital at risk. Alternative investments may not have been registered with the Securities and Exchange Commission or under

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any state securities laws. The market for such investments may be highly illiquid and subjectively valued, and these reports provide values for informational purposes only. Accuracy is not guaranteed. These values may differ substantially from prices, if any, at which a unit may be bought or sold and do not necessarily represent the value you would receive from the issuer upon liquidation. Issuer estimated values, if any, are generally updated on a regular (annual or semi-annual) basis and are supplied to us by the issuer, but may be calculated based on different information from what is used by third parties to derive their estimated values.

**Stable Value Funds:** There is no guarantee a stable value portfolio will achieve its investment objectives. Stable value portfolios are not guaranteed by the US government, the Federal Deposit Insurance Corporation (FDIC), the fund company or any other entity. Unit price, yield, duration and return will vary.

Although stable value investment contracts seek to reduce the risk of principal loss, investing in a stable value portfolio involves risk, including credit risk, management risk and loss of principal. These risks could result in a decline in the portfolio's value or cause a withdrawal or transfer from a portfolio to occur at less than a participant's invested value.

Stable value investment contracts involve several unique risks, which include but are not limited to: a stable value investment contract issuer could default, become insolvent, file for bankruptcy protection, or otherwise be deemed by the Plan's auditor to no longer be financially responsible; an event or condition outside the normal operation of the Plan may occur (including but not limited to Plan changes, employer bankruptcy, significant layoffs, Plant closings, corporate spin-offs, divestitures, or restructurings); some portfolio securities could become impaired or default; certain communications from the Plan or the Plan's agents may cause an investment contract to not pay benefits at contract value; or there could be a change in tax law or accounting rules. Any of these risks, if realized, may cause a write-down in the value of a portfolio and a risk of loss of all or a part of a participant's invested value in a portfolio.

**Fixed Income:** Investing in the fixed income market is subject to risks including market, interest rate, issuer, credit, default and inflation risk. An investment in a portfolio may be worth more or less than its original cost when redeemed. Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management, default risk, and the risk that the position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested.

**Variable Annuities:** A variable deferred annuity is a long-term financial product designed for retirement purposes. It is a contractual agreement in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are fees and charges associated with a variable annuity contract, which include, but are not limited to, operations charges, sales and surrender charges, administrative fees, and additional charges for optional benefits. **Variable annuities are sold by prospectus and you should carefully consider important information on the subaccounts' investment objectives, risk, charges and expenses. Please read the prospectus and offering documents carefully before you invest. Your Financial Advisor can provide a copy of the prospectus. For current month-end returns: <http://advisor.morningstar.com/familyinfo.asp>.**

Withdrawals from an annuity contract are taxable as ordinary income, not as capital gains and, if made prior to age 59 1/2, may be subject to an additional 10% federal income tax penalty. Withdrawals may also be subject to surrender charges. Withdrawals will reduce the death benefit, living benefits and cash surrender value. For tax purposes, withdrawals will come from any gain in the contract first. Please see the prospectus for complete details. Amounts in the annuity's variable investment portfolios are subject to fluctuation in value and market risk, including loss of principal.



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Unregistered group variable annuities and registered group variable annuities that are solely available for use in qualified Plans are rated and ranked based on their position within the bell curve of the open end fund peer group (a.k.a. category), rather than the variable annuity subaccount peer group. These ratings and ranks are calculated by using an overlay of the open end fund peer group break points and therefore do not contribute to the category average or number of funds within the peer group.

For variable annuity subaccounts, standardized return is total return based on its inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees, and actual ongoing fund-level expenses. The benchmark used for each individual subaccount performance is an index that has been assigned to the particular manager or fund.

### Scope of our Services

UBS makes various interactive tools, worksheets, white papers, guidebooks, newsletters, research, reports, portfolio analyses and financial Plans and other marketing and disclosure materials (collectively “Materials”) available to its Financial Advisors, clients and prospective clients. These Materials are generally provided free of charge.

**The Materials are intended to aid (and be used by) your UBS Financial Advisor in providing you with actual recommendations. Therefore, the Materials should only be considered in conjunction with the actual recommendations and advice of your UBS Financial Advisor, our standard account documents, agreements and disclosures and the additional factors that warrant consideration for your particular Plan, including costs.**

If this output contains a proposal, it is provided to you for discussion and consideration. You understand and agree that you must make independent decisions with respect to any proposals contained within this report. You acknowledge that in making those decisions you have reviewed the terms of any Plan with respect to which you are a fiduciary and your obligations to any such Plan under ERISA.

### Important information about advisory and brokerage services

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers both investment advisory services and brokerage services. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business and that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. For more information visit our website at <http://www.ubs.com/workingwithus>.

Retirement Plan Consulting Services is an investment advisory program. Details regarding the program, including fees, services, features and suitability are provided in the ADV Disclosure.

UBS Financial Services Inc. Member SIPC.

