

UBS Eco Performance Fund in Taiwan

Jason Ting, Director

UBS Securities Investment Advisory (Taiwan) Ltd.

09 May 2002

UBS AG - The Group



- ◆ CHF34.5 billion in shareholders equity
- ◆ Risk classifications of AAA/AA+/Aa2 (Fitch, S&P, Moody's respectively)
- ◆ Market capitalization over USD52 billion
- ◆ Assets under management of more than USD 1.5 trillion
- ◆ Member of the Dow Jones Sustainability World Index

(as of 2001/12/31)



Our motivation for SRI-Products

- ◆ UBS Environmental Policy
- ◆ Signature of UNEP-Statement by financial institutions on the Environment and Sustainable Development
- ◆ Increased customer demand from private and institutional investors
- ◆ Good environmental performance increases “Shareholder value”
=> convincing product idea

UBS Socially Responsible Investments: the teams

- ◆ UBS Team: Socially Responsible Investments in Zurich: 6 analysts
 - Knowledge center for specific SRI mandates since 1996
 - Managing about CHF 800 mill. (app. USD 530 m)

- ◆ ecos.ch in Basel (Switzerland): 3 analysts

- ◆ JRI: Japan Research Institute, Tokyo: 4 analysts

- ◆ Board of Experts:
 - Prof. Dr. Ruth Kaufmann-Hayoz
 - Dr. h.c. Amory B. Lovins
 - Prof. Dr. Ernst Ulrich von Weizsäcker
 - Prof. Dr. C. Stückelberger

- ◆ UBS Corporate Responsibility

- ◆ External Sustainability Agencies, Universities



External Support

◆ Board of experts Socially Responsible Investments

Prof. Dr. Ruth Kaufmann-Hayoz

Dr. h.c. Amory B. Lovins

Prof. Dr. Ernst Ulrich von Weizsäcker

Prof. Dr. C. Stückelberger



=> Ecological valuation methodology

=> Ecological trend analysis

=> Information on companies

◆ **External partner:** Ecos.CH, Basel
Japan Research Institute, Tokyo

Socially Responsible Investments

Fund-Management by ecological and social criteria

- UBS (Lux) Equity Fund - Eco Performance (CHF)
- UBS AST Aktien Welt Oeko Performance (CHF)
- UBS (JPN) Equity - Eco Japan (JPY)
- UBS Brinson Portfolio-Eco Performance (EUR)

Individual mandates

- Focus on social- and/ or environmental criteria
- Focus on specific countries/ sectors

Eco-social screening of existing customer portfolios

Product Philosophy

Existing environmental
funds with ethical criteria
esp. USA, UK

Environmental technology
funds esp. in Germany

UBS Eco Performance Portfolio

- = Ecological, Economic and Social Performance
- => lower risk by diversification
- => returns in line with markets

Investment concept

- ◆ Globally diversified Equity fund according to MSCI (World) to provide **ecological and economic performance**
- ◆ Invests in shares of companies which use their ecological efficiency to improve their economic potential

Based on:

- ◆ **Eco-Efficiency** = economic use of resources
- ◆ **Corporate Responsibility** = relationship with stakeholders

Ecology is economy with a future

Advantages of UBS SRI Investments

- ◆ Synthesis of Economy and Ecology:
 - Invest in the solution of global environmental problems
 - Participate in the success of eco-efficient companies
 - Benefit from investment security and innovation potential
- ◆ Risk reduction by global diversification and asset allocation according to MSCI World
- ◆ High quality stock selection
 - Experienced environmental/ research knowhow by UBS
 - Cooperation with external partners, scientific board of experts
- ◆ Integration of social criteria

Investment Strategy

Leaders

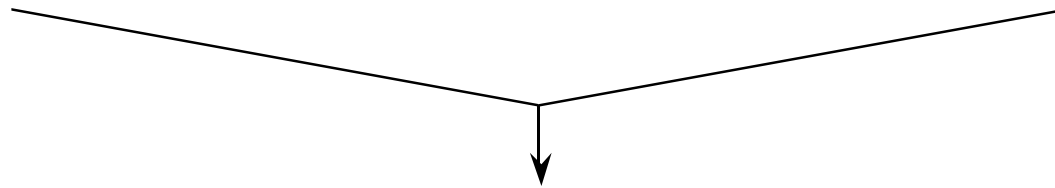
Best in class of each sector

=> Investment security, performance

Innovators

Products/Services with high environmental benefit

=> High potential for innovations



Diversification across all sectors

UBS SRI Company Analysis

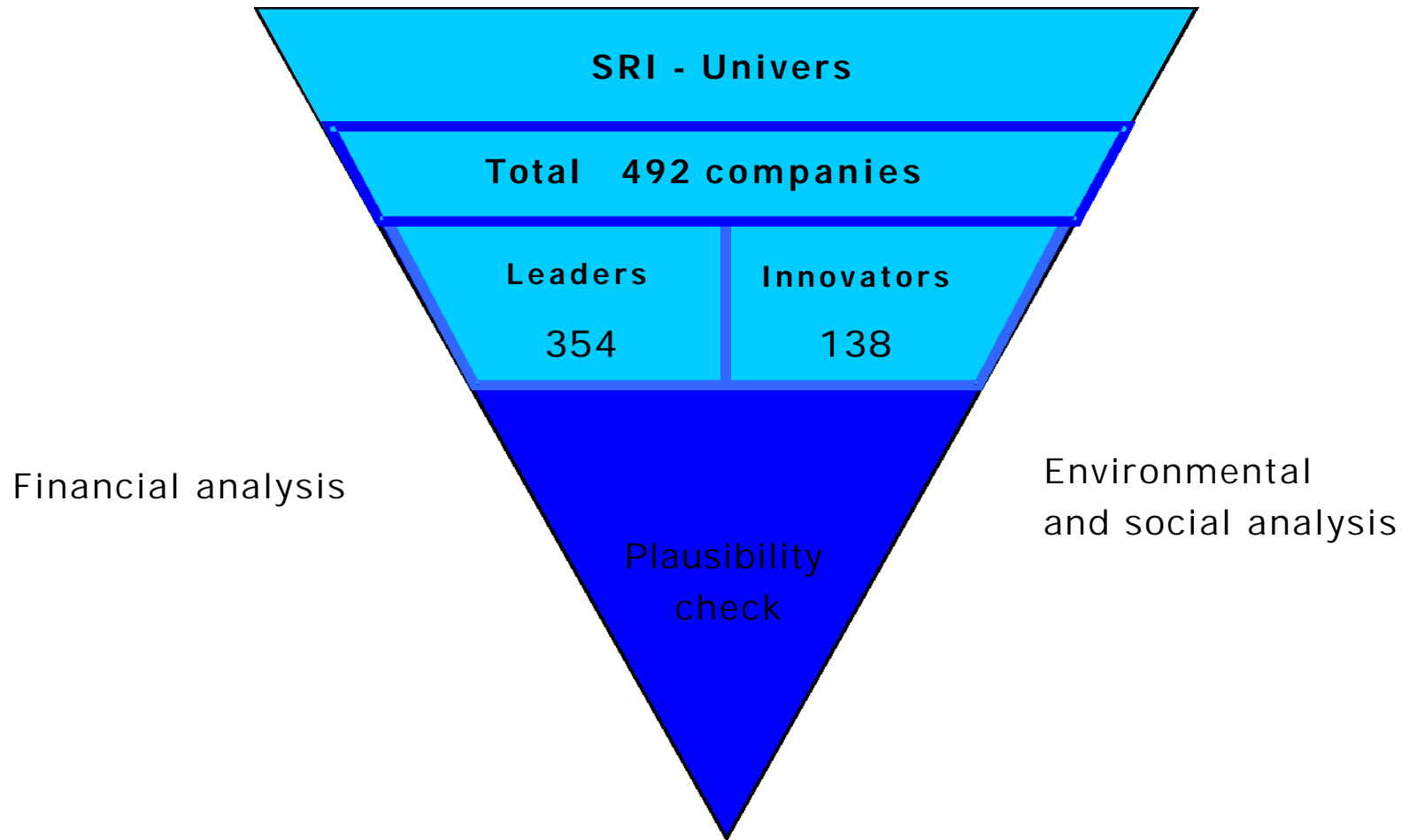
◆ Positive Criteria

- Large-cap “Leaders” - companies with exceptional environmental and social performance in each sector = Best in Class approach
- Small & mid cap “Innovators” - companies environmentally-relevant products and services

◆ Exclusion Criteria

- Gambling
- Armaments
- Tobacco
- Nuclear energy
- Genetic technology in agriculture

SRI- Univers



Financial analysis

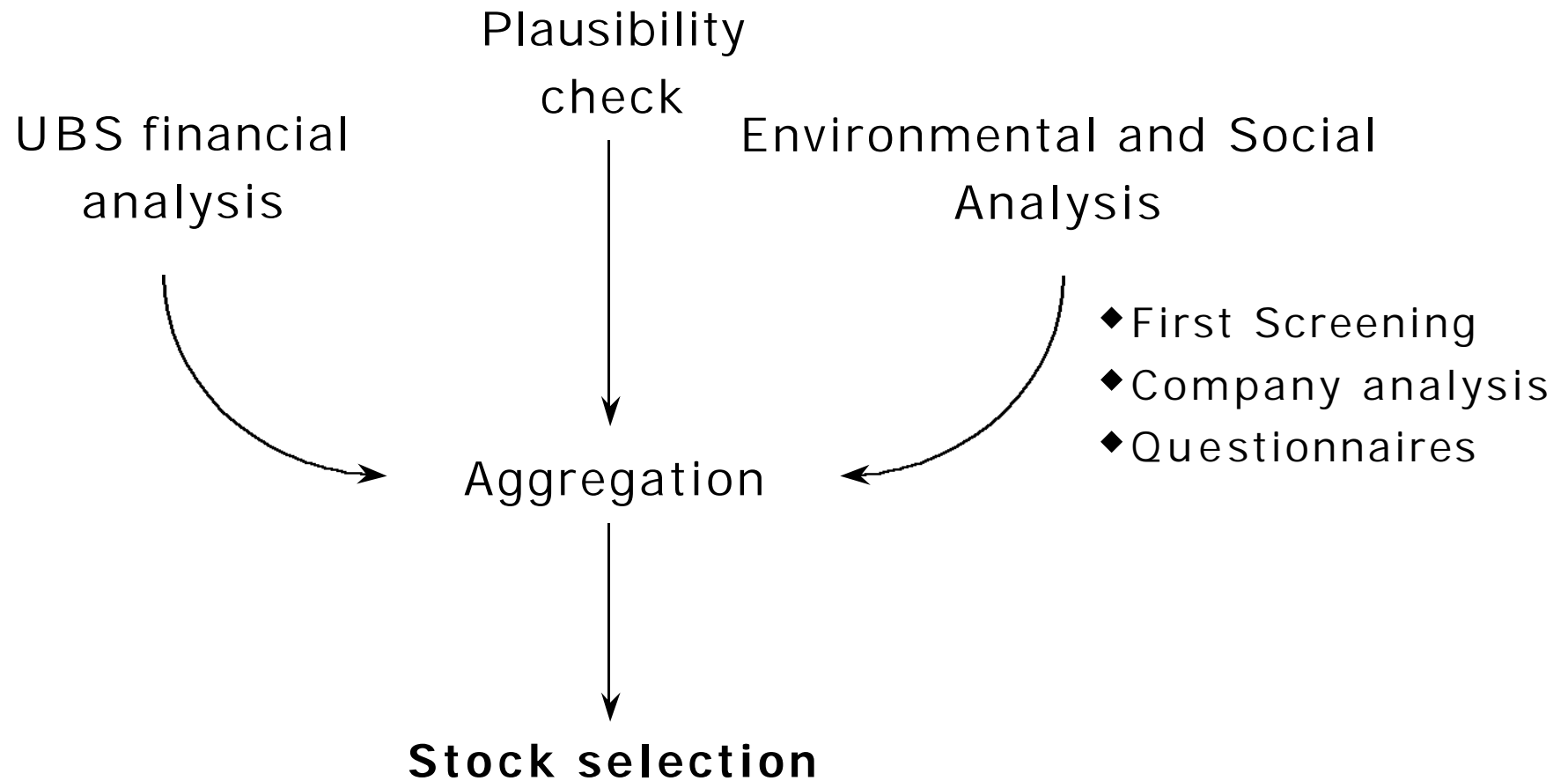
Environmental and social analysis

Plausibility check

UBS (Lux) Eco Performance Funds

118 companies

Stock selection process



Sector Environmental Performance Indicators

Car industry

Reduction of fleet consumption, development of ZEV-/ LEV (3l-/hybrid-/H2-car)

Electronics companies

Product durability, efficiency, reusability and recyclability, takeback policies

Banks/Insurers

Integration of environmental criteria into the loan approval and asset management process, reduction of energy and paper consumption

Questionnaires sent to the companies

3 types of questionnaires



Social questionnaire (about 30 questions)

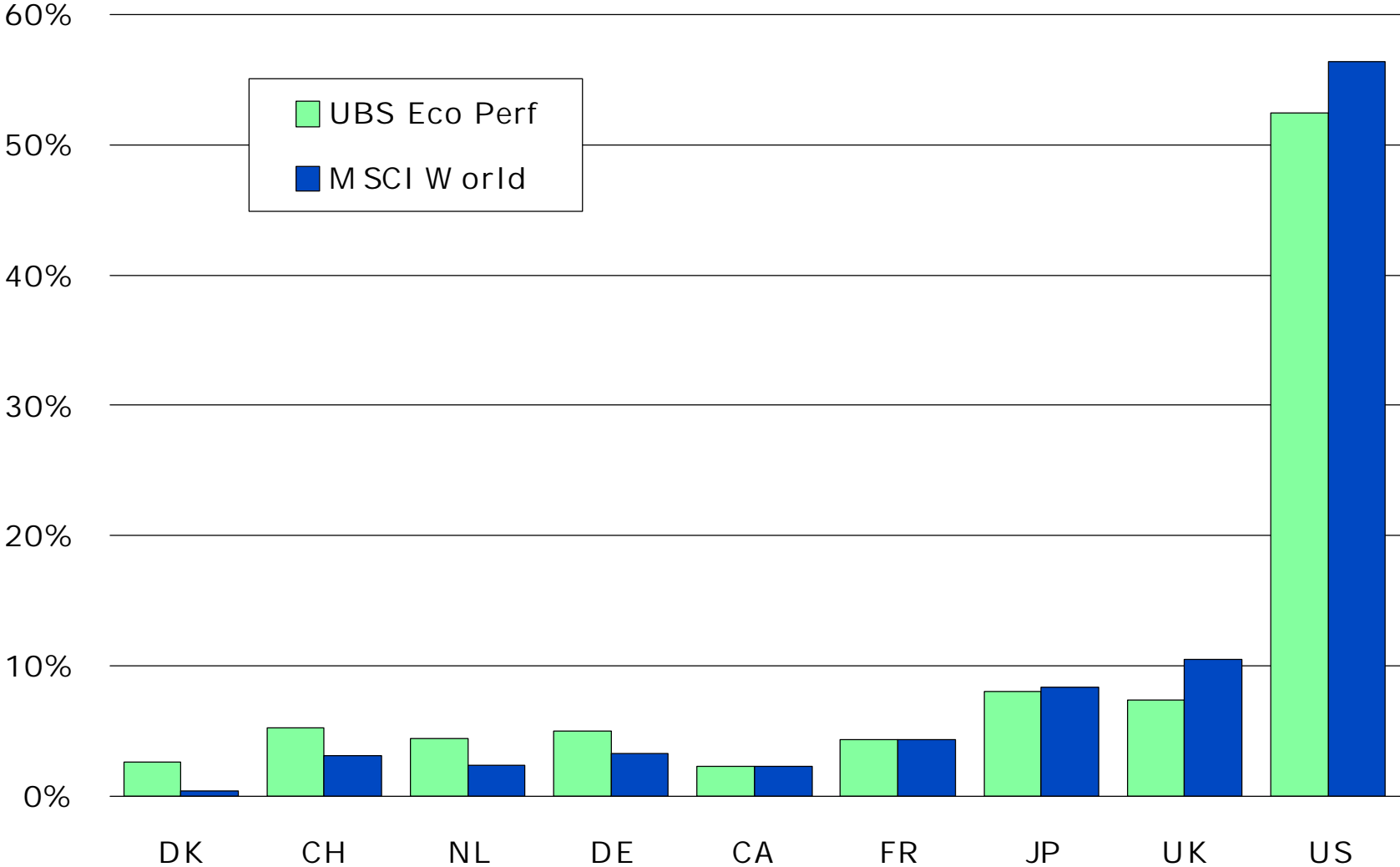


Environmental questionnaire (about 50 questions)



Sector-specific questionnaire

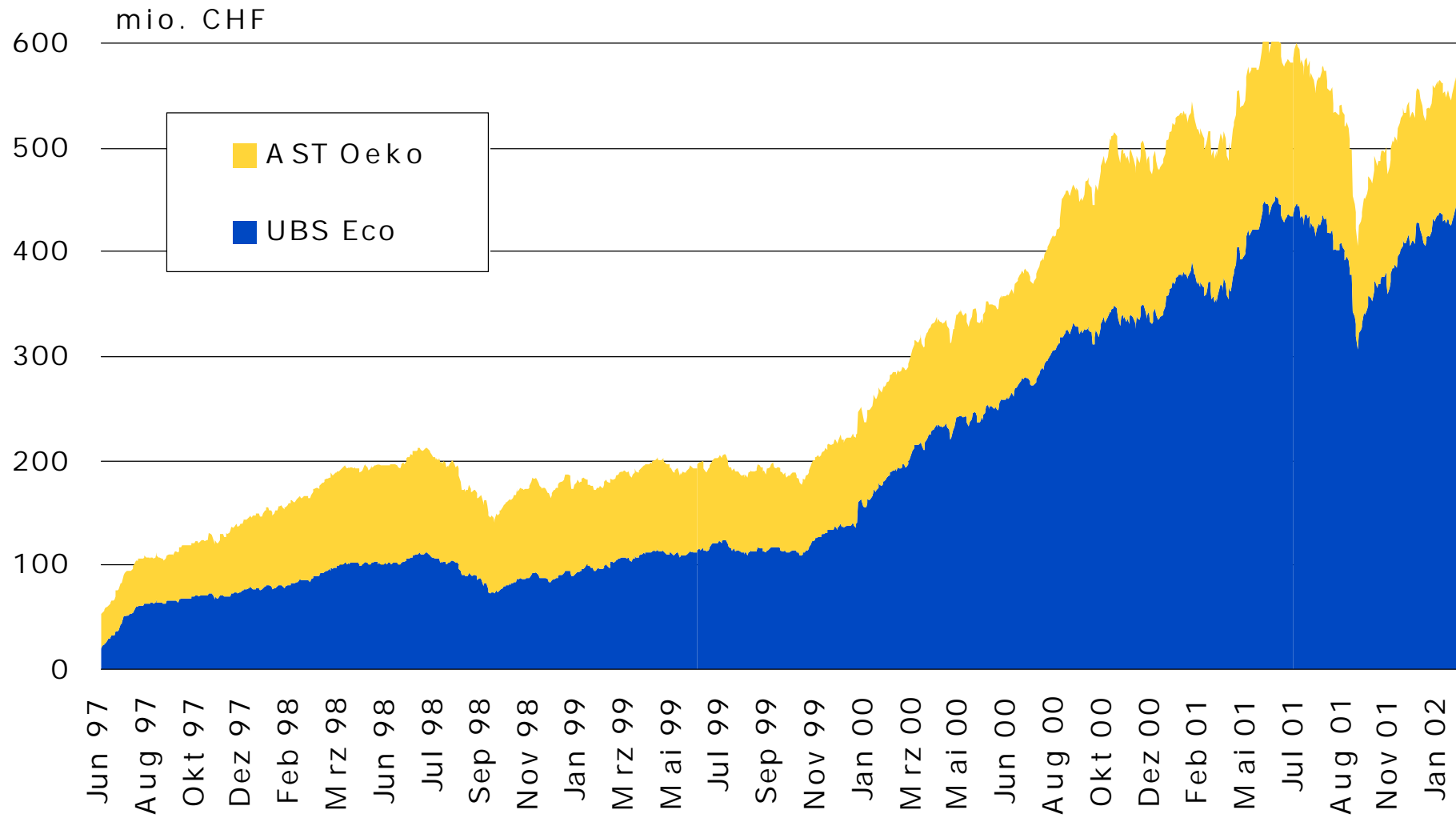
Asset Allocation UBS Eco Performance Portfolio



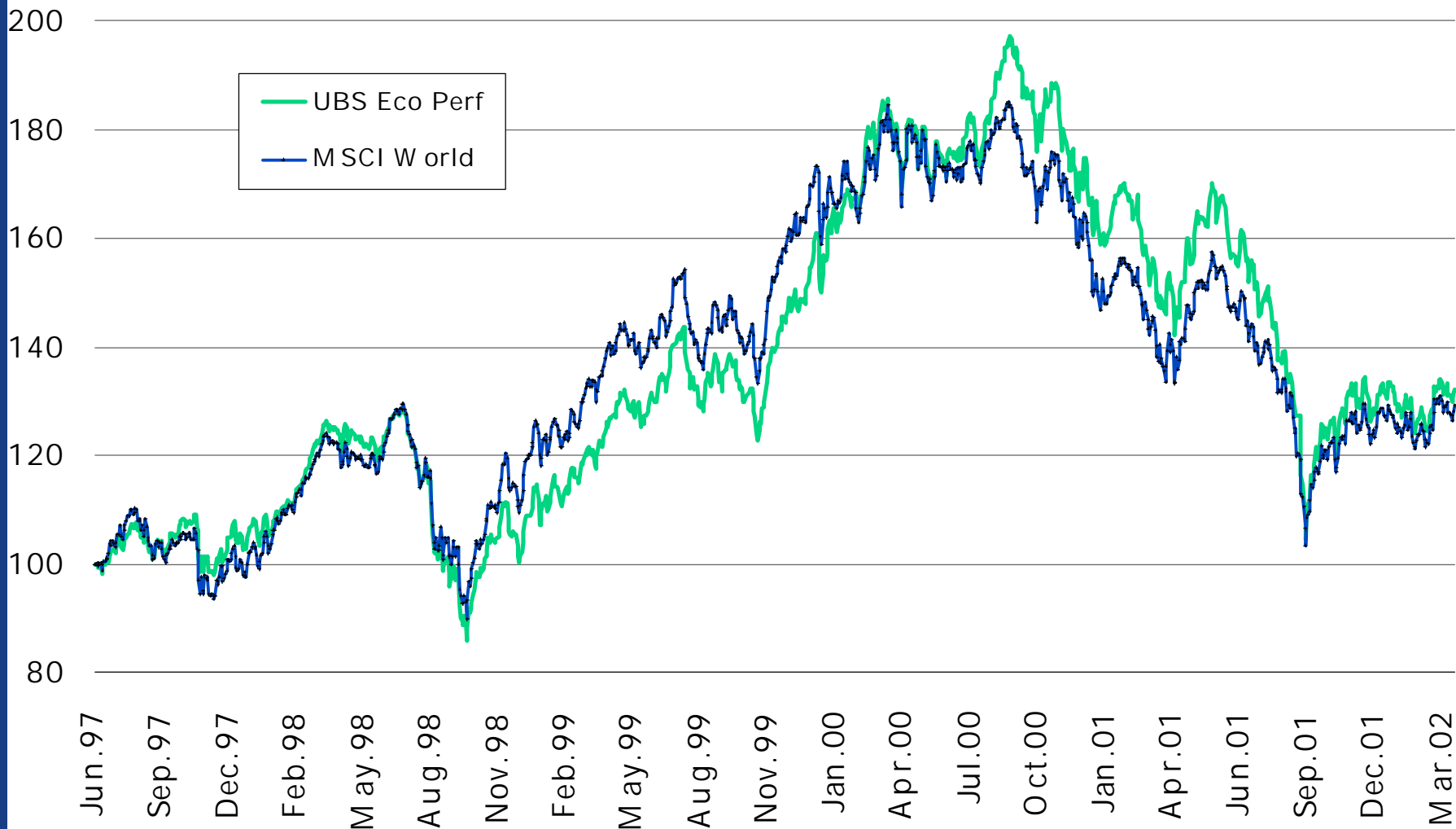
Core Holdings of Eco Performance Fund

- ◆ **Sony:** corporate strategy to increase energy efficiency and average life cycle of products
- ◆ **Toyota:** introduced the worlds first hybrid vehicle to market
Development of electric motors and more efficient combustion engines
- ◆ **Vestas:** market leader for wind parks; strong international expansion
wind power: clean, abundant energy, competitive at coastal areas
- ◆ **Ballard Power:** Fuel cell development in cooperation with large automobile producers; fuel cells generate clean energy based on a chemical reaction of water and oxygen

Volume of the UBS Eco Performance Portfolios



Performance UBS (Lux) Eco Performance Fund



Fund Overview

- ◆ The fund invests globally in shares of companies with superior financial, environmental and social performance
- ◆ Screening of sectors and securities according to Socially Responsible/Sustainability criteria (Best in Class principle)
- ◆ Diversification is achieved via a mix of sectors and therefore offers the investor an optimized risk/return profile
- ◆ Actively managed core world equity portfolio
- ◆ Fundamental financial research exploiting price/value discrepancies
- ◆ Reference indices: MSCI World reinvested

UBS (Lux) Eco Performance Fund in Taiwan

- ◆ **Domicile of fund:** Luxembourg
- ◆ **Day of inception:** 18.6.1997
- ◆ **Local Registration:** SFC approved in Nov 2000
- ◆ **Unique Product:**
 - the only one SRI fund among 599 offshore funds registered in Taiwan
- ◆ **Distribution Channel:**
 - UBS Private Banking Taiwan
 - Third Party Banks
- ◆ **Volumes:**
 - the 8th largest of the 17 UBS equity funds registered in Taiwan
 - 0.8% of the 17 UBS equity funds registered in Taiwan
 - 0.3% of the 27 UBS funds registered in Taiwan

Biography: Jason Ting

Director

Education: National Cheng Chi University BA
National Chung Hsing University MBA

Years of Investment Experience: 12

- ◆ Jason is responsible for the institution account management and service in Taiwan. He is involved in investment funds related projects such as fund registration, third party distribution and general business development. He is also responsible for supporting UBS Private Bank Domestic with providing investment advise for PBD's clients.
- ◆ Prior to joining UBS, Jason was head of investment and research division at Centrallink Securities Investment Consulting Co.,Ltd, a KMT owned SICE. He lead a research team of the company and was responsible for the analyses of global financial market and providing investment advise for the institutional clients.