

SMA Outlook Multi-Manager Firms and Overlay Money Management Institute Conference

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UBS Financial Services Inc.

Identifying Qualified SMA Managers

Fifty different criteria are considered, in the following areas:

◆ **Organization**

- ▶ Financially & structurally sound
- ▶ Incentive arrangements and retention
- ▶ Proper resources
- ▶ Business strategy

◆ **Implementation**

- ▶ Appropriate trading capabilities
- ▶ Operational efficiency and effectiveness
- ▶ Disaster recovery plan

◆ **Quality of Personnel**

- ▶ Experienced & skilled investment professionals who work well as a team

◆ **Philosophy**

- ▶ Clearly defined investment philosophy

◆ **Process**

- ▶ Methods & procedures must be sound & consistent
- ▶ Effectiveness of decision-making
- ▶ Buy and sell disciplines
- ▶ Performed well in the past & structured to perform well in the future

◆ **Quality of Research**

- ▶ Proper resources to track full universe
- ▶ Knowledgeable and skilled research team
- ▶ Objectivity and creativity

◆ **Risk Management**

- ▶ Appropriate system of risk controls in place
- ▶ Managed in accordance to their philosophy & process

◆ **Performance**

- ▶ Competitive past absolute and risk-adjusted performance results
- ▶ Consistent with investment philosophy
- ▶ Track record by current team

Multi-Manager Considerations

- ◆ **Quality of underlying investment content remains of utmost importance**
- ◆ **Each manager/strategy is considered on its own merits**
- ◆ **Specific Multi-Manager research considerations:**
 - ▶ **Role of each advisor within structure**
 - ▶ **Degree of autonomy of each advisor within structure**
 - ▶ **Retain equity ownership at each advisor**
 - ▶ **Economies of scale/synergies available**
 - ▶ **Overlay capabilities**
- ◆ **UBS has partnered with several multi-manager firms to create Multiple-Style Accounts**
 - ▶ **our focus is on providing overall portfolio solutions so a multi-manager firm that has strong investment content AND overlay capabilities may be positioned well**

Overlay Services

- ◆ **UBS has several offerings**
 - ▶ **100% Internal Proprietary (UBS Global Asset Management)**
 - ▶ **100% External Proprietary (IXIS)**
 - ▶ **Multi-Manager (IXIS, Nuveen)**

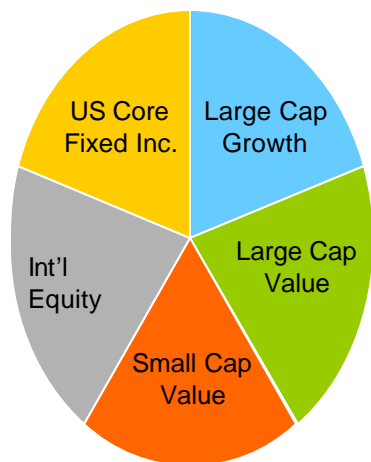
- ◆ **Considerations for Overlay services**
 - ▶ **Ability to replicate underlying manager's investment approach without degradation**
 - ▶ **Trading flexibility**
 - ▶ **Tax management capabilities**
 - ▶ **Economic model**

UBS Multiple Style Portfolios

ACCESS MSAs: Designed by the UBS IS Portfolio Construction Team

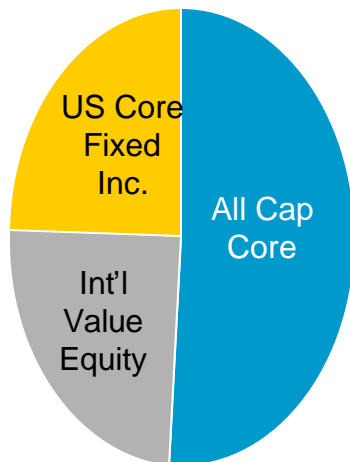
Total Portfolio Strategies

IXIS Proprietary MSAs



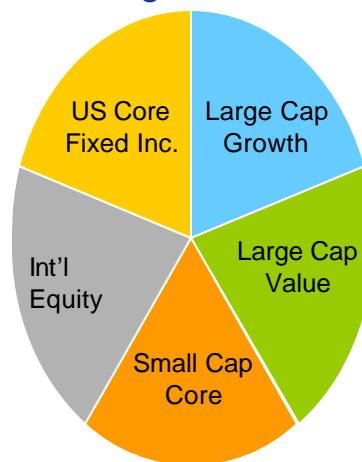
Portfolio Objective:
Relative Return – Capital
Appreciation Potential

IXIS Multi-Manager MSAs



Portfolio Objective:
Downside Risk Managed

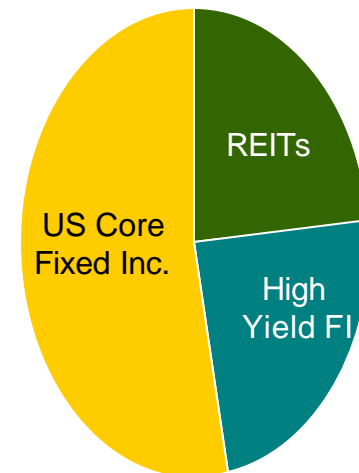
Nuveen Multi-Manager MSAs



Portfolio Objective:
Relative Return – Capital
Appreciation Potential

Income Strategy

IXIS Income MSAs (Prop)



Portfolio Objective:
Yield Focused

Biography



David B. Jobson, CFA

Head, Manager Research
and Portfolio Construction
Executive Director
UBS Financial Services Inc.

Mr. Jobson heads the Manager Research and Portfolio Construction teams within Investment Solutions. The Manager Research group performs research on investment management firms with the objective of identifying high-quality investment managers to build and manage clients' individually managed accounts. The Portfolio Construction group creates researched portfolio models that are offered in various Investment Solutions programs. As head of this group, Mr. Jobson oversees the creation and monitoring of all recommended portfolio blends including PACE Multi Advisor Models and Multiple Style Accounts (MSAs) in the ACCESS program.

Mr. Jobson also heads the Manager Research group's team of research analysts, who are responsible for covering all investment managers in their areas of specialization. Mr. Jobson supervises the group's proprietary investment manager research process and oversees the consistent implementation of the process across the team, and across managers and strategies and provides strategic direction to the research department.

Mr. Jobson joined the Manager Research group as Manager before relocating to the UBS Private Bank in London for one year to serve as Director, Investment Manager Research. As Director, Investment Manager Research, Mr. Jobson was responsible for developing and managing a research group to support individually managed investment programs for the Firm's clients throughout Europe and Asia. Upon his return to the Manager Research group, Mr. Jobson continued to serve as Manager before being promoted to Director of the group.

Prior to joining UBS Financial Services Inc. (then PaineWebber), Mr. Jobson served as a Research Consultant in the Asset Consulting Services Group at Towers Perrin in Atlanta, where he specialized in researching investment managers. At Towers Perrin, Mr. Jobson had also been based at Tower Perrin's Melbourne, Australia, office, where he served as a Consultant in the Asset Consulting Services Group, and provided consultation on asset allocation, investment manager selection and performance monitoring, and performed manager research and asset/liability modeling. Mr. Jobson has 16 years of experience in the investment consulting industry.

Mr. Jobson is a Chartered Financial Analyst (CFA) and a Fellow of the Institute of Actuaries of Australia (FIAA). He is a member of The CFA Institute (formerly AIMR) and the Institute of Actuaries of Australia. Mr. Jobson received his B.S. with Honors in Statistics from Monash University in Melbourne, Australia.

ACCESSSM Accounts Disclosure

ACCESS is a service mark of UBS Financial Services Inc.

ACCESSSM accounts may be appropriate for investors seeking long-term goals. Equities and fixed income instruments are subject to market risk and will undergo price fluctuations in which downward and upward trends may occur over short or extended periods. The principal value of fixed income instruments may fluctuate due to interest rate changes and other factors. Equity securities, historically, have shown greater growth potential than other types of securities, but they have also shown greater volatility. Small cap portfolios may be highly volatile because the earnings and business prospects typically fluctuate more than larger cap companies. International investment involves considerations and potential risks not typically associated with domestic securities, including risks associated with changes in currency values, economic, political and social conditions, loss of market liquidity, the regulatory environment of the countries in which the manager invests, and difficulties in receiving current or accurate information.

Although most portfolios use indices as benchmarks, portfolios are actively managed and generally are not restricted to investing only in securities in the index. As a result, the portfolio holdings and performance may vary from the index. Indices are not available for investment and reflect an unmanaged universe of securities, which does not take into account advisory or transaction fees, all of which will reduce the overall return.