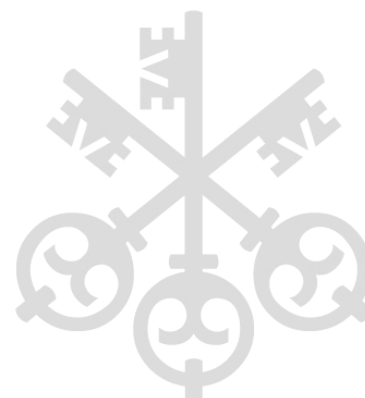


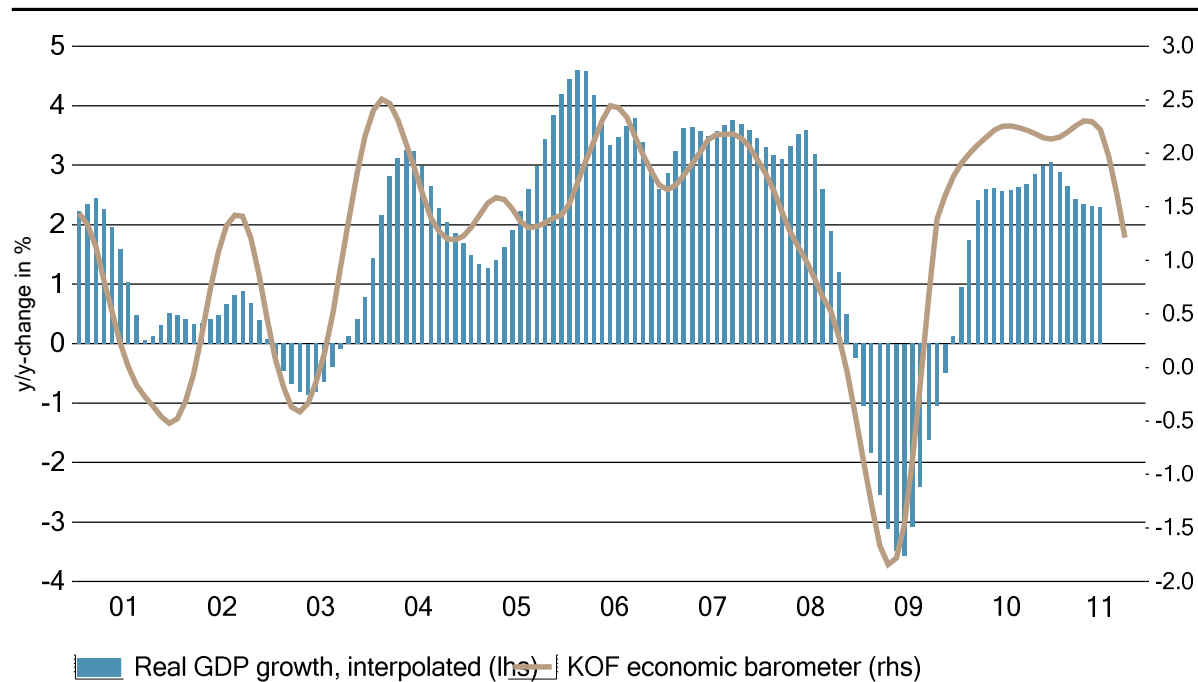
UBS Compensation Survey – *Outlook* 2012

Dr. Daniel Kalt
Chief Economist Switzerland



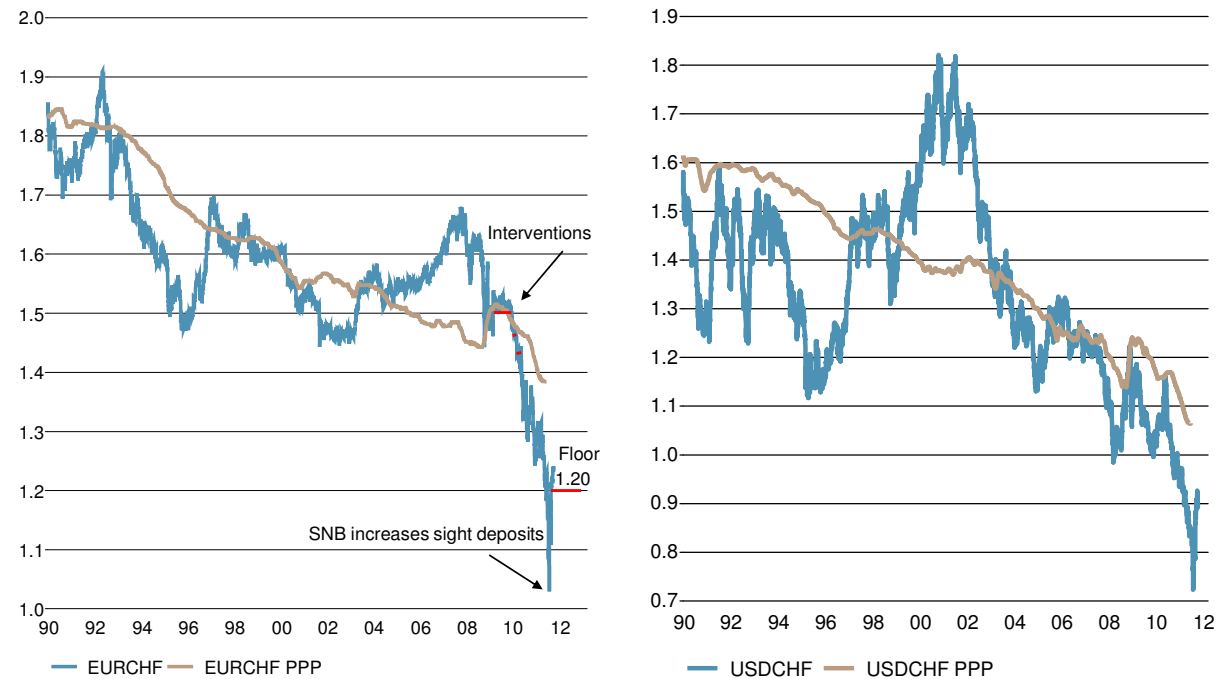
2 November 2011

Switzerland: Leading indicators point to sharp slow-down



Reason #1: CHF strength

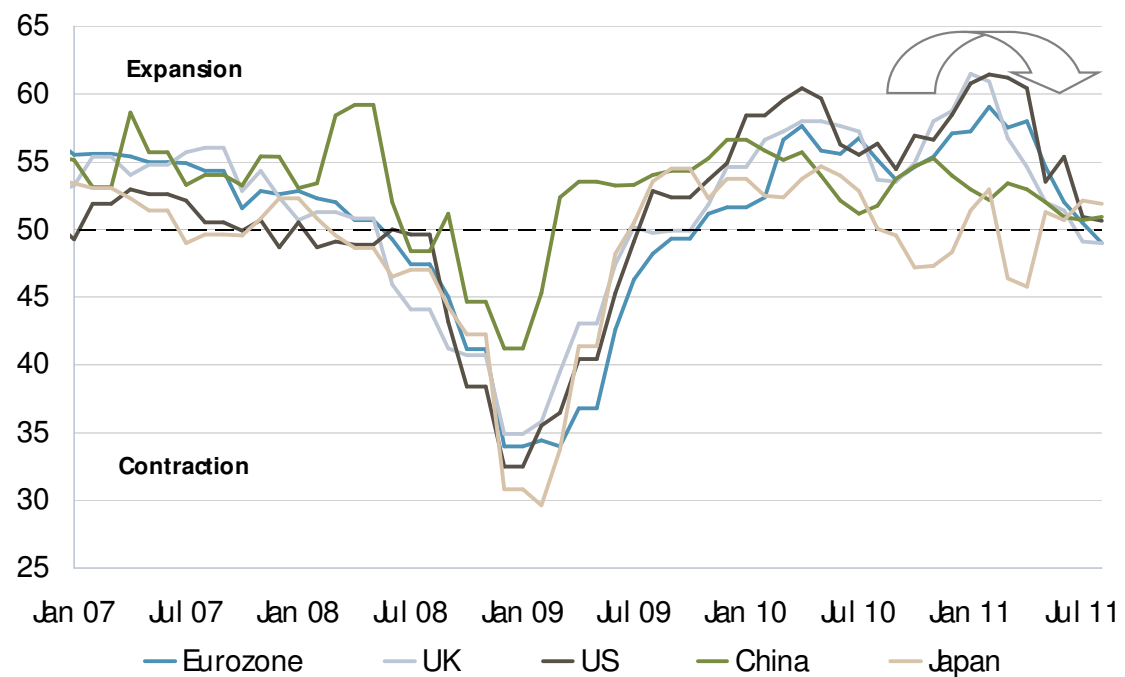
SNB has set floor for EURCHF at 1.20 – successfully (so far)



Source: Reuters Ecowin, UBS WMR 2

Reason #2: Global slowdown is under way

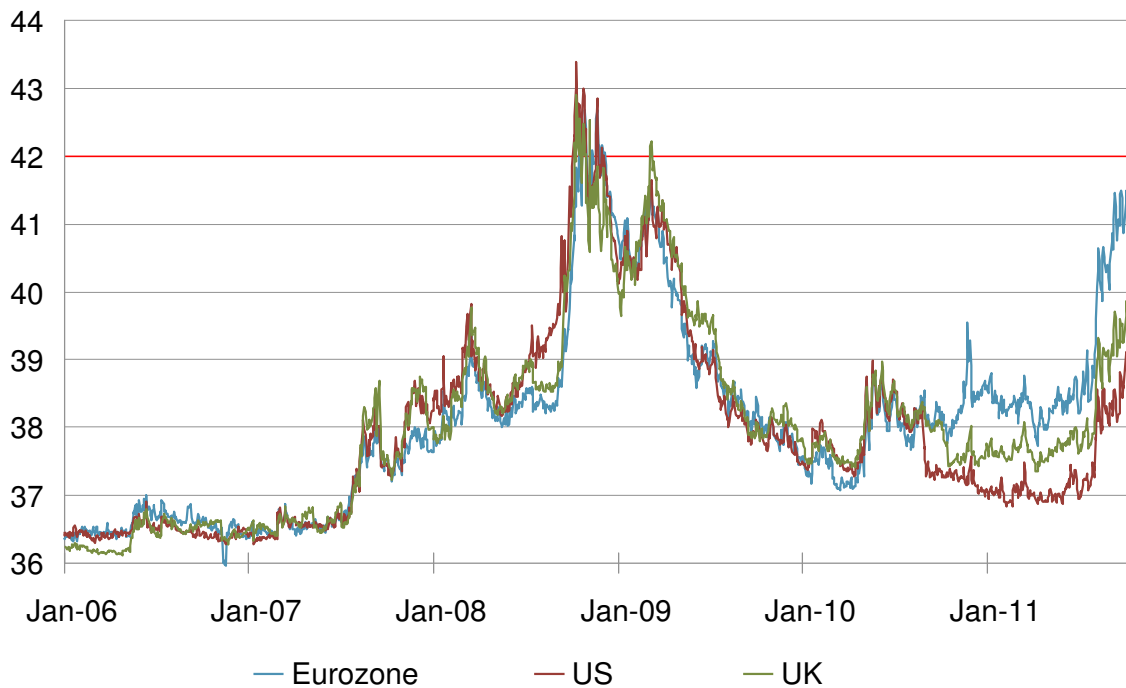
Purchasing Manager Indices in manufacturing



Source: Reuters Ecowin, UBS WMR 3

Reason #3: Financial market stress on the rise

UBS financial health thermometer, in Celsius

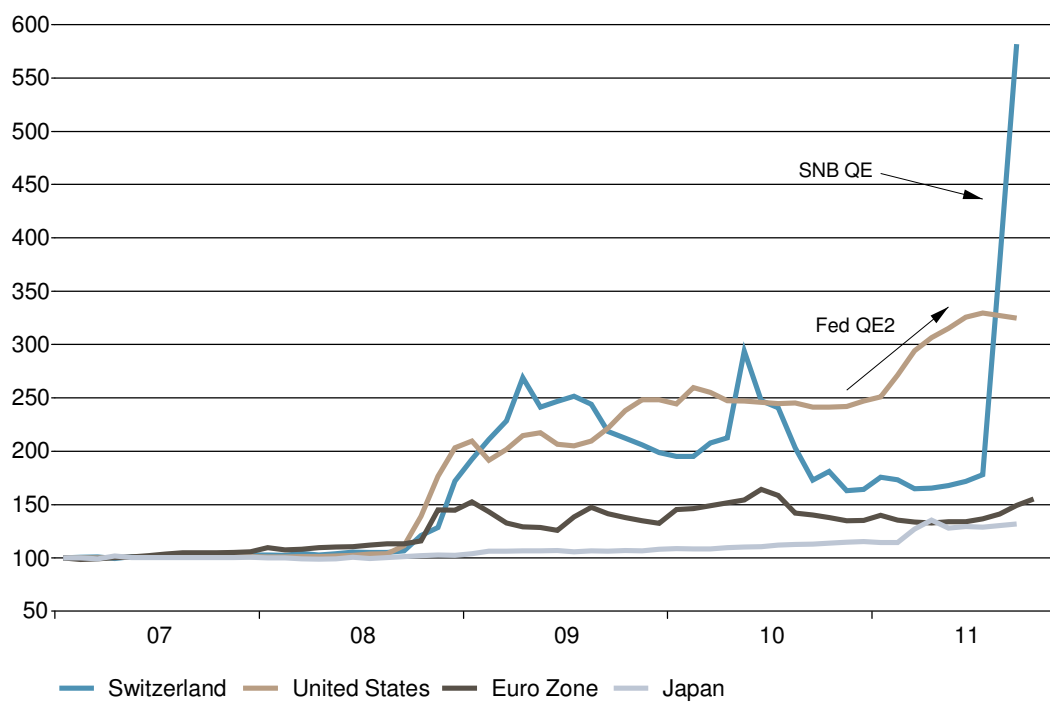


Source: Reuters, UBS WMR, October 2011

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The last restart: The printing press

Monetary Base (Index, 01.01.2007 = 100)

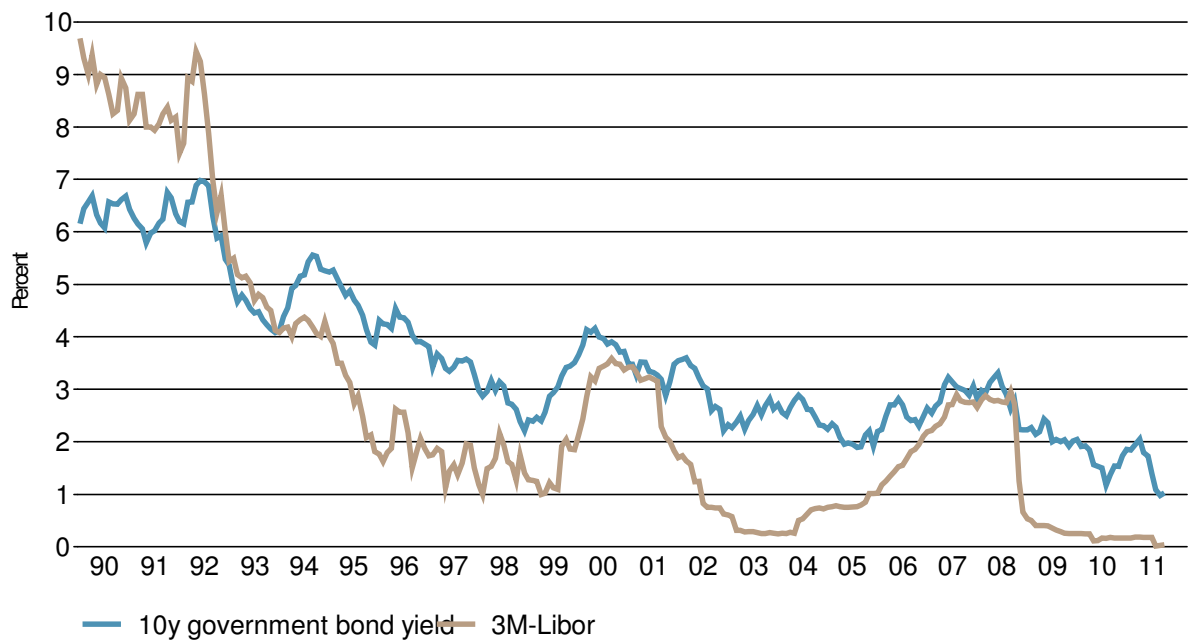


Source: Reuters Ecowin, UBS WMR

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Interest rates at historically low levels

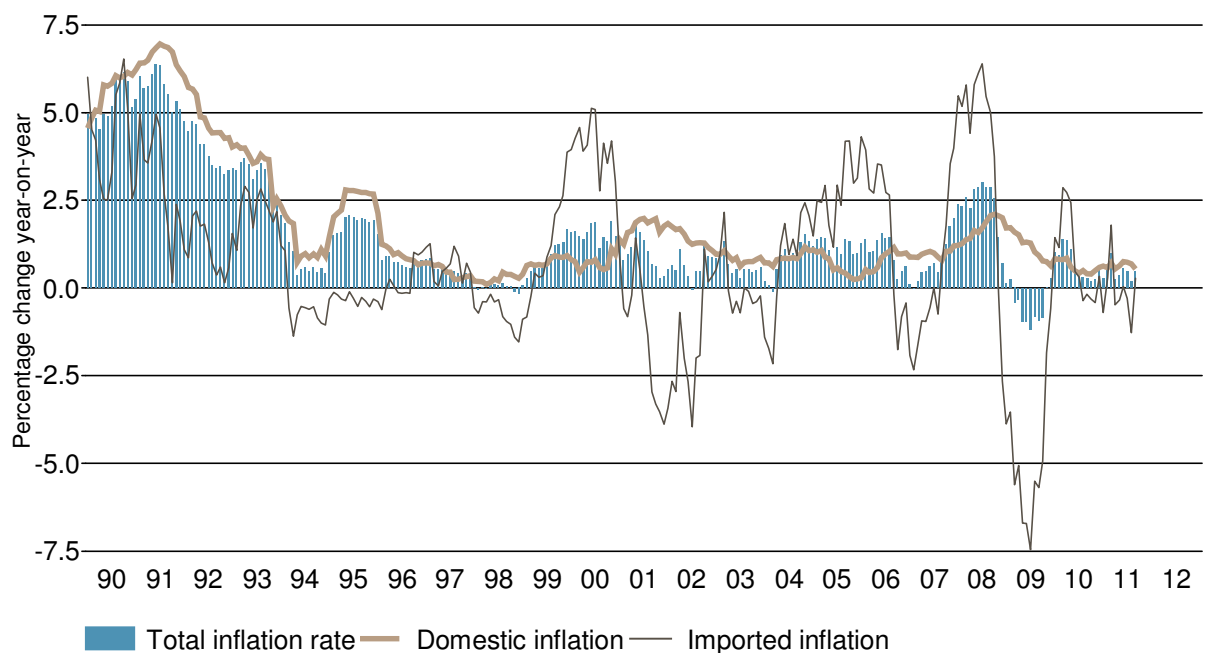
3M-Libor interest rate & 10Y government bond yields



Source: Reuters Ecowin, UBS WMR 6

Switzerland: Inflation rate (currently) at low levels

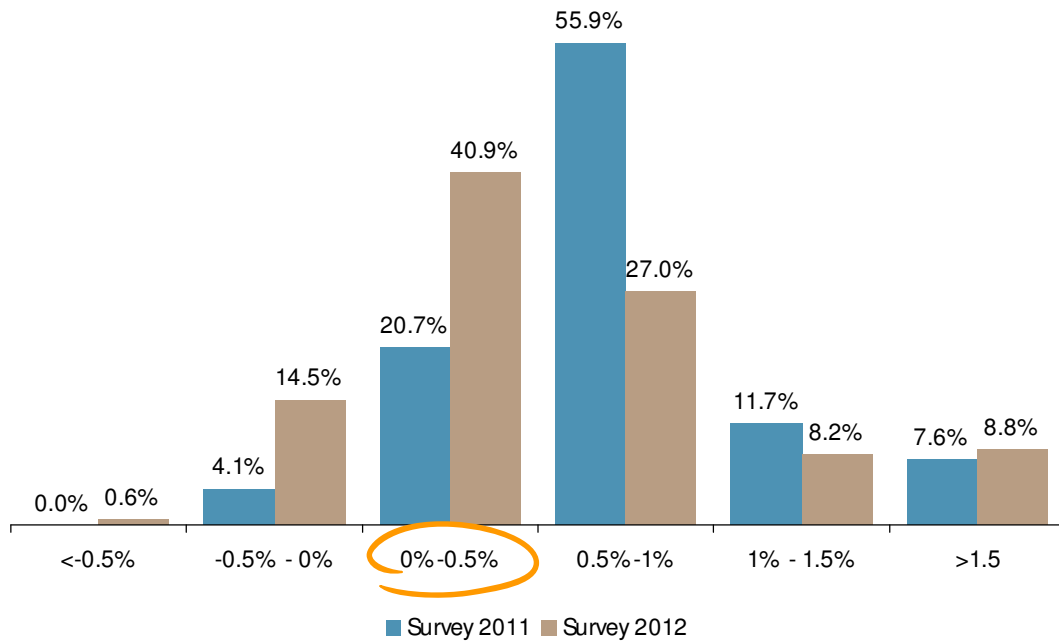
Consumption prices (% change to previous year), domestic & imported inflation



Source: Reuters Ecowin, UBS WMR 7

Survey participants' assessment of inflation developments

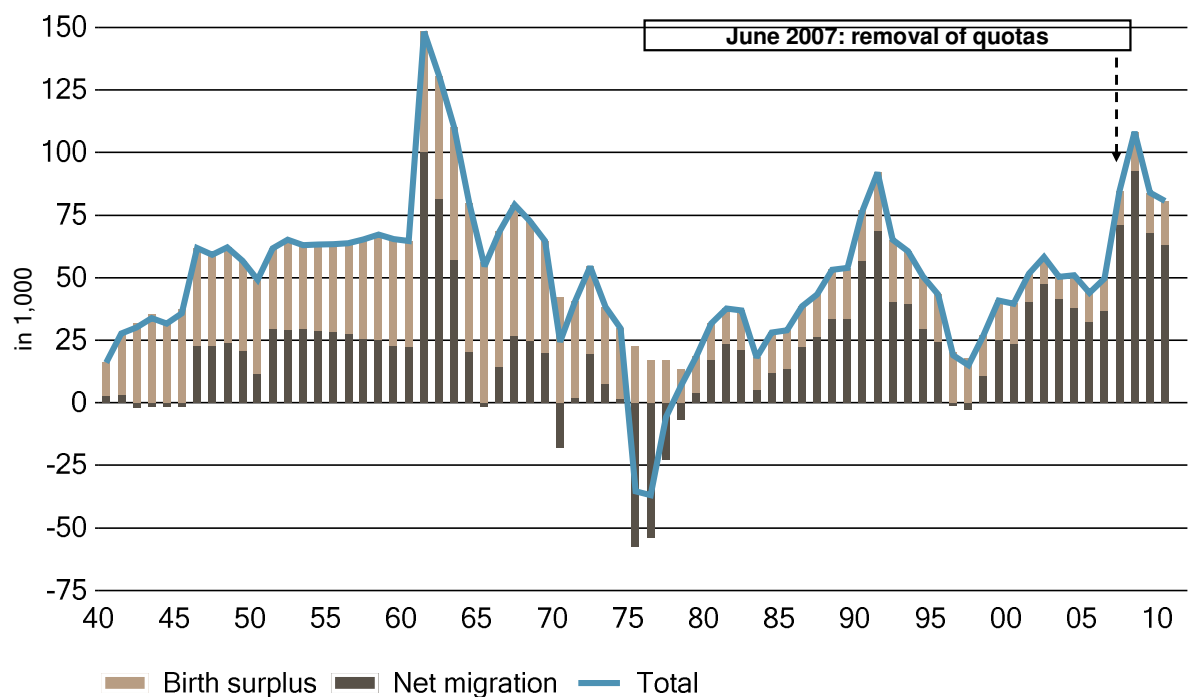
This year's wage negotiations are based on low inflation rates



Source: UBS Research Switzerland Compensation survey 2011 & 2012

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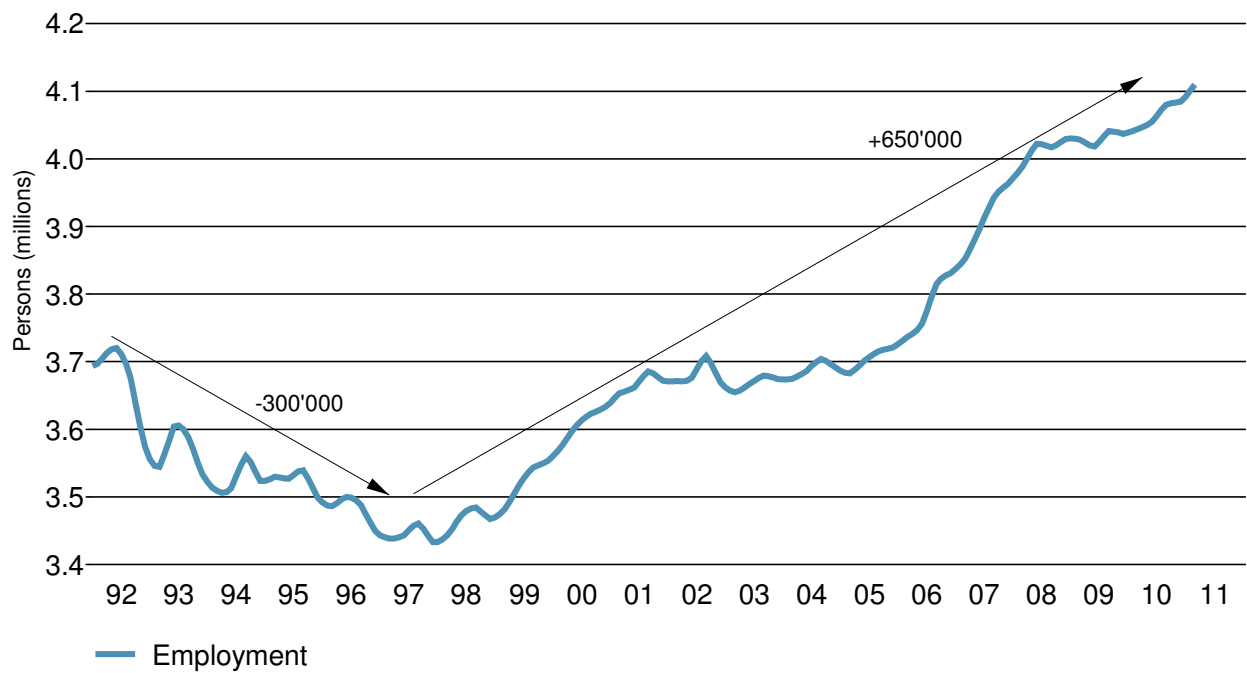
Driver of the Swiss domestic economy: Immigration



Source: FSO, UBS WMR

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Switzerland's job miracle

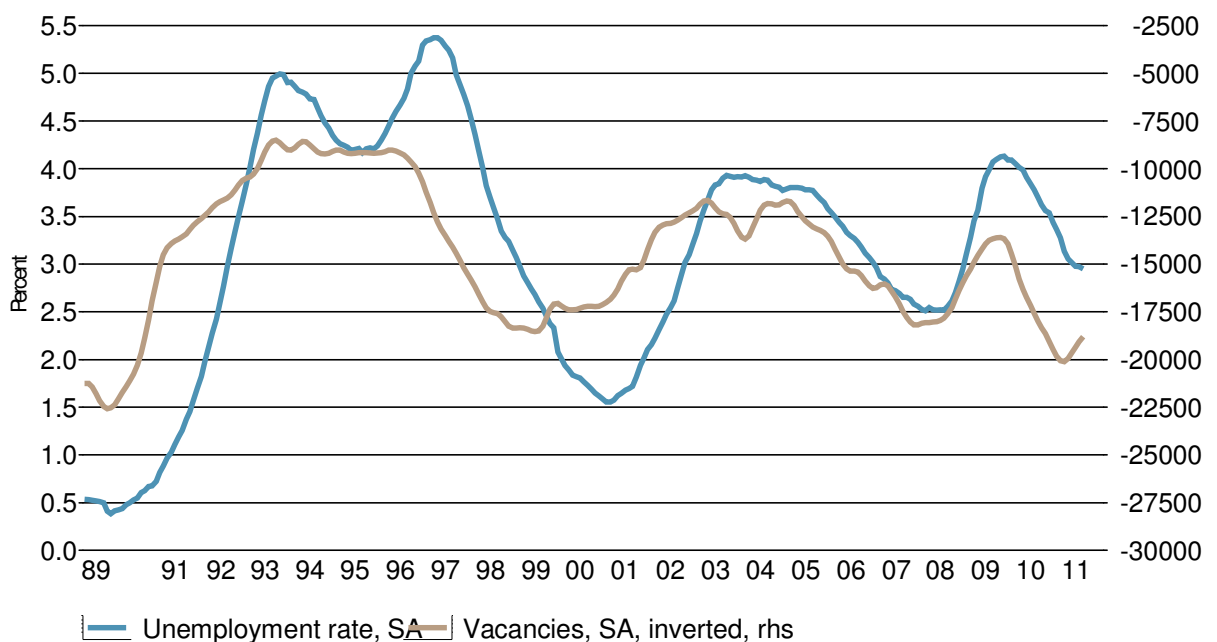


Source: Reuters EcoWin, UBS WMR

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Labor market: First signs of a turning point

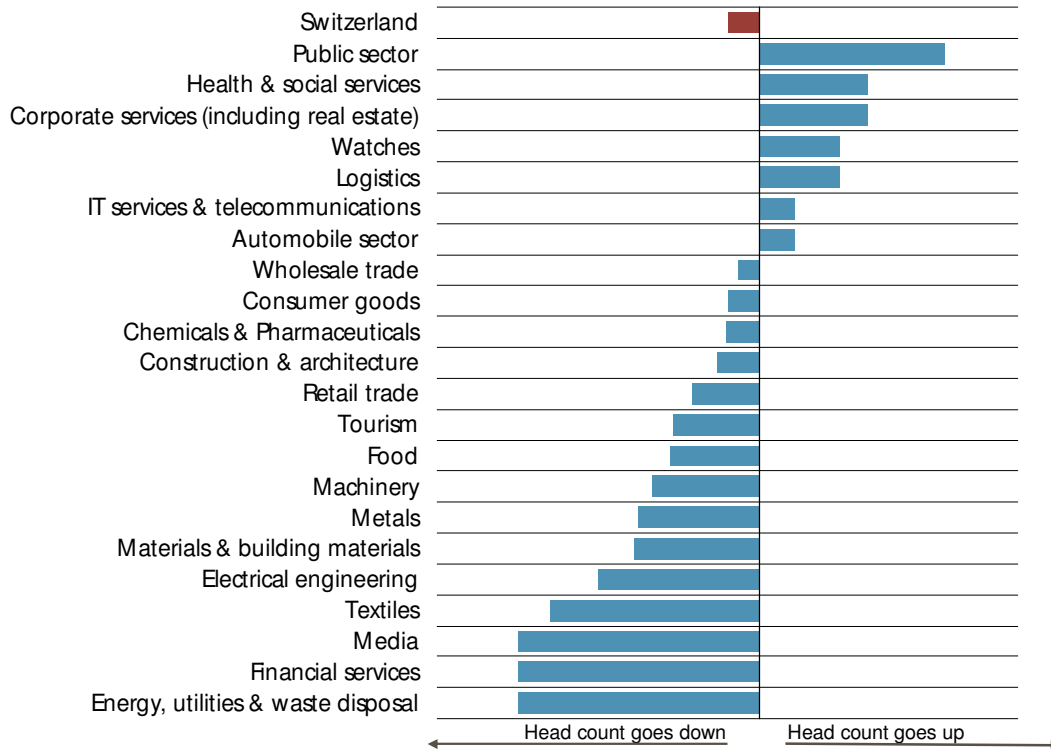
Unemployment rate and number of job vacancies (inverted right hand scale)



Source: Reuters EcoWin, UBS WMR

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Expected head count development in 2012

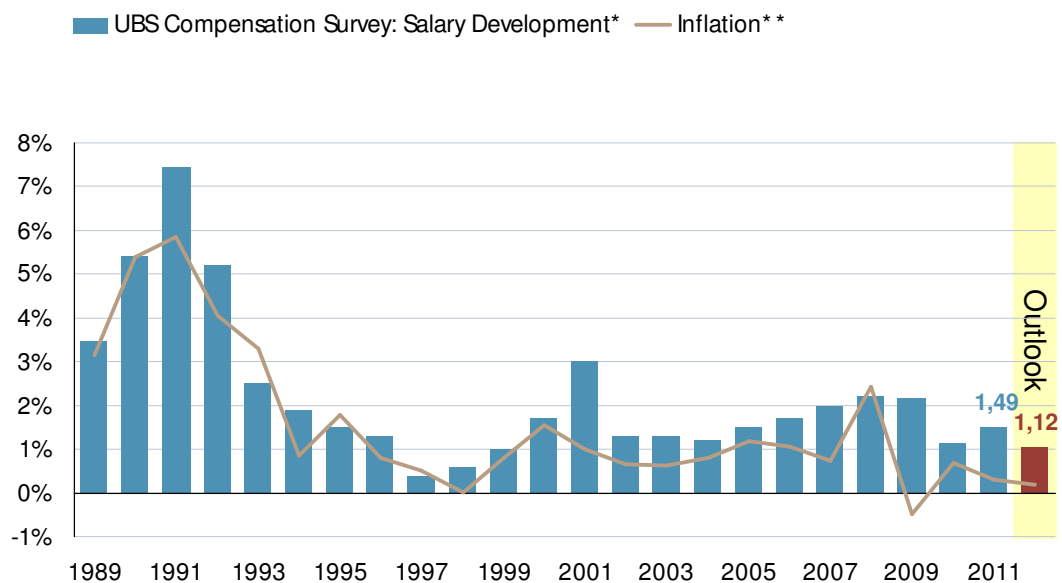


Source: UBS Research Switzerland, Compensation Survey 2012

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Results of the 23rd UBS Compensation Survey

Salary development & inflation



*: Survey results after the salary negotiations (except 2012)

** : 2011 & 2012 Forecasts UBS Research

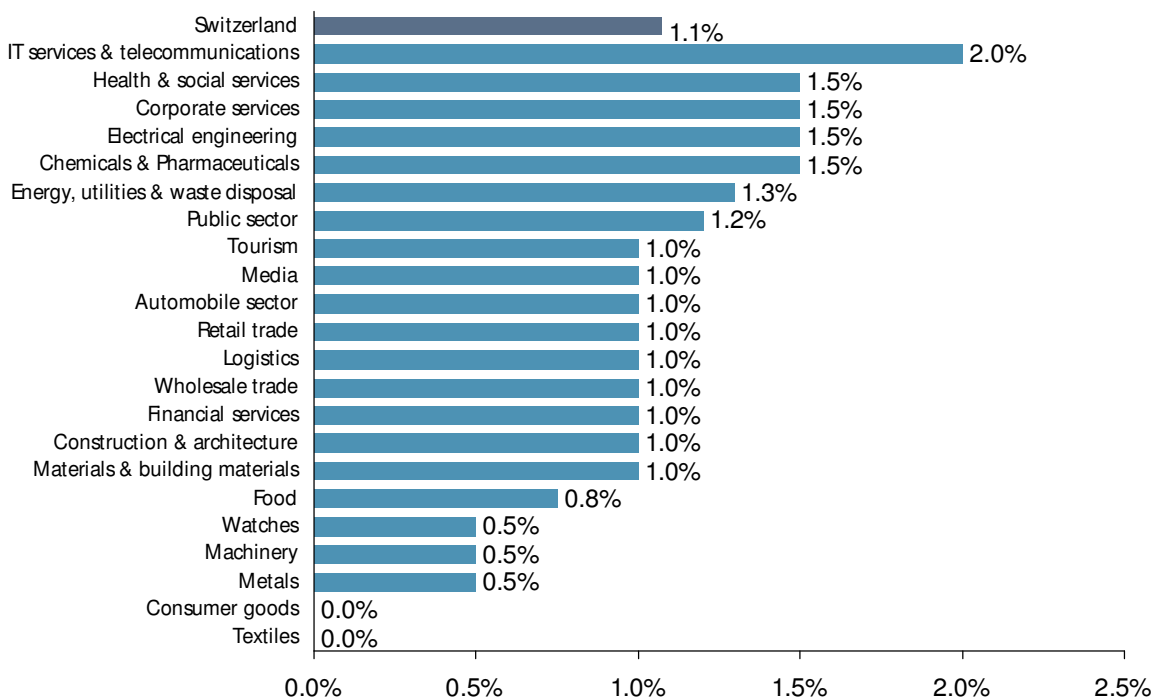


Source: UBS Research Switzerland Compensation Survey 1989-2012, FSO

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Results of the 23rd UBS Compensation Survey

Expected salary development 2012



Source: UBS Research Switzerland, Compensation Survey 2012

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The foregoing summary provides a general description of Proposed Amendments, and should not be construed as advice to any particular investor regarding the implications of the Proposed Amendments in the investor's particular circumstances. Investors are urged to consult their own tax advisors regarding the application and impact of the Proposed Amendments in their particular circumstances. A Canadian investor in the Fund must promptly notify UBS if that investor acquires or holds more than 10% of any class of shares of a particular Fund. 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