

### CALCULATION DEFINITIONS

**% Assets in Top 10** - The aggregate assets, expressed as a percentage, of the fund's top 10 portfolio holdings. This figure is meant to be a measure of portfolio risk. Specifically, the higher the percentage, the more concentrated the fund is in a few companies or issues, and the more the fund is susceptible to the market fluctuations in these few holdings. The figure is calculated from the most recent available fund holdings. Benefits: The Percent Assets in Top 10 Holdings figure provides insight into the degree to which a portfolio is diversified. Used in combination with the total number of holdings, it can indicate how concentrated a fund is. Origin: This figure is calculated in-house, using the most recent portfolio we have available for the fund. It currently counts cash as a holding.

**12b-1 Fee** - is a fee used to pay for a mutual fund's distribution costs. It is often used as a commission to brokers for selling the fund. The amount, which can be as high as 75 basis points for commissions and 25 basis points for service fees, is taken from a fund's returns.

**Alpha** - Alpha measures the difference between an investment's actual performance, and its expected performance as indicated by the returns of a selected market index. A positive Alpha indicates the risk-adjusted performance is above that index. In calculating Alpha, Standard Deviation (total risk) is used as risk measure. Alpha is often used to judge the value added or subtracted by a manager.

**Asset Composition** - Reflects the funds composition or weighting of the fund in various asset classes, including "Other," is shown in this graph and table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks.

**Average Style** - The general idea of Style Analysis is to attempt to explain, or understand, the return stream of a given fund in terms of a set of asset classes (or style factors). Based on this analysis it will show the funds exposures to these asset classes for each period. As the name suggest the average style shows the average style exposure of the period specified. See Returns-Based Style Analysis/Exposure Chart definition for additional information.

**Batting Average** - Batting Average is sometimes known as the probability of success. This measures the frequency with which a manager performs better than a selected Market Index. It is computed by dividing the number of positive excess returns by the total number of excess returns during the period.

**Benchmark R-Squared (R2)** - The diversification measure R2 indicates the percentage of volatility in portfolio returns which can be "explained" by market volatility. This statistic indicates the degree to which the observed values of one variable, such as the returns of a managed portfolio, can be explained by, or are associated with the values of another variable, such as a Market Index. It is especially helpful in assessing how likely it is that Alpha and Beta are statistically significant. The R2 values generally range from 0.0 to 1.0. An investment with an R2 of 1.0 is perfectly correlated with the market whereas an investment with an R2 of 0.0 will behave independently of the market. An R2 of 0.95, for example, implies that 95% of the fluctuations in a portfolio are explained by fluctuations in the market.

**Beta** - Beta is defined as a Manager's sensitivity to market movements and is used to evaluate market related, or systematic risk. Beta is a measure of the linear relationship, over time, of the Manager's returns and those of the Benchmark. Beta is computed by regressing the Manager's excess returns over the risk free rate (cash proxy) against the excess returns of the Benchmark over the risk free rate. An investment that is as equally volatile as the market will have a Beta of 1.0; an investment half as volatile as the market will have a Beta of 0.5; and so on. Thus, Betas higher than 1.0 indicate that the fund is more volatile than the market

**Fund Composition**- A breakdown of the fund's portfolio holdings, as of the date listed, into general investment classes. Cash encompasses both actual cash and cash equivalents (fixed-income securities with a maturity of one year or less) held by the portfolio plus receivables minus payables. Stocks include only the portfolio's common stocks. Bonds include everything from government notes to high-yield corporate bonds. Other includes preferred stocks (equity securities that pay dividends at a specific rate) as well as convertible bonds and convertible preferreds, which are corporate securities that are exchangeable for a set amount of another form of security (usually common shares) at a pre-stated price. Other also denotes all those not-so-neatly categorized securities, such as warrants and options. When listed, U.S stocks reflects the portion of the portfolio invested in domestic companies, while Non-U.S. Stocks reflects the portion of the portfolio invested in Non-U.S. companies.

**Correlation (R)** - The Correlation represents the degree to which investments move in tandem with one another and is a critical component of diversified portfolio construction. The Correlation varies between a minimum of -1 (move in opposite direction) and a maximum of 1 (completely correlated). Lower Correlations enhance diversification and lead to better risk-adjusted returns within diversified portfolios. An R of less than 0.3 is often considered low Correlation.

**Deferred Load** - is a fee used to pay for a mutual fund's distribution costs. It is often used as a commission to brokers for selling the fund. The amount, which can be as high as 75 basis points for commissions and 25 basis points for service fees, is taken from a fund's returns.

**Distribution of Excess Returns** - Distribution of Excess Returns displays an arrangement of statistical data that exhibits the frequency of occurrence of the investment's returns in excess of the selected Market Index.



**Down Market (Mkt) Capture Ratio** - Down Market Capture Ratio is a measure of an investment's performance in down markets relative to the market itself. A down market is one in which the market's return is less than zero. The lower the investment's Down Market Capture Ratio, the better the investment protected capital during a market decline. A negative Down Market Capture Ratio indicates that an investment's returns rose while the market declined.

**Down Market Average Return** - Average monthly return over the time period analyzed in which the market (benchmark) earned a negative return.

**Downside Risk (Semi Standard Deviation, Semi StdDev, or Downside Deviation)** - Downside Risk only identifies volatility on the down side. Downside Risk measures the variability of returns below zero, whereas Standard Deviation attributes volatility in either direction to risk. The Downside Risk method calculates the deviations below zero for each observed return. Each time a return falls below zero, the sum is divided by the number of observations and the square root is taken. This result is then shown on an annualized basis.

**Excess** - Denotes that a statistic is being measured relative to the Market Index selected. The data set analyzed consists of the periodic differences between the investment's measure and the selected Market Index's definition.

**Expense Ratio** - Often referred to as the Net Expense Ratio, Morningstar pulls the net prospectus expense ratio from the fund's prospectus. Prospectus-report expense ratios reflect the actual fees charged during a particular fiscal year. The prospectus expense ratio for a fund of funds is the wrap or sponsor fee only. The expense ratio expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Portfolio transaction fees, or brokerage costs, as well as initial or deferred sales charges are not included in the expense ratio. The expense ratio, which is deducted from the fund's average net assets, is accrued on a daily basis. If the fund's assets are small, its expense ratio can be quite high because the fund must meet its expenses from a restricted asset base. Conversely, as the net assets of the fund grow, the expense percentage should ideally diminish as expenses are spread across the wider base. Funds may also opt to waive all or a portion of the expenses that make up their overall expense ratio. The Gross Expense Ratio represents the total gross expenses (net expenses with waivers added back in) divided by the fund's average net assets. If it is not equal to the net expense ratio, the gross expense ratio portrays the fund's expenses had the fund not waived a portion, or all, of its fees. Thus, to some degree, it is an indication of fee contracts. Some fee waivers have an expiration date; other waivers are in place indefinitely.

**Expense Waivers (Type, Amount, Expiration Date)** - is a fee used to pay for a mutual fund's distribution costs. It is often used as a commission to brokers for selling the fund. The amount, which can be as high as 75 basis points for commissions and 25 basis points for service fees, is taken from a fund's returns.

**Extended performance** - Extended performance is an estimate based on the performance of the fund's oldest share class, adjusted for fees.

**Front Load** - The initial, or front-end, sales charge is a one-time deduction from an investment made into the fund. The amount is generally relative to the amount of the investment, so that larger investments incur smaller rates of charge. The sales charge serves as a commission for the broker who sold the fund. A fund's potential fees and sales charges are an important factor to consider before making an investment. The load fee compensates the broker or financial planner for the service of providing professional investment advice.

**Fund Inception Date** - The date on which the fund began its operations.

**Information Ratio** - The Information Ratio is a measure of value added by an investment manager. It is the ratio of (annualized) excess return above the selected Market Index to (annualized) Tracking Error. Excess return is calculated by linking the difference of the manager's return for each period minus the selected Market Index return for each period, then annualizing the result.

**Manager Tenure** - This represents the number of years that the current manager has been the portfolio manager of the fund. For funds with more than one manager, the average tenure is shown. If there is only one manager and he/she has been at the fund for less than six months (and there is biographical information available), a dash will appear.

**Max Drawdown** - Is the maximum loss incurred by a portfolio during a specified time period. It is used to measure the 'worst case scenario' of investing in a portfolio at the worst possible time.

**Morningstar Ratings**- The Morningstar Rating™ is calculated for funds with at least a three year history. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a mutual fund is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics. For ETFs, Morningstar compares each ETF's risk-adjusted return to the open-end rating breakpoints for that category. The overall rating for an ETF is based on a weighted average of the time-period ratings. 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.



**Morningstar Style Box**- The Morningstar Style Box is a nine-square grid that provides a graphical representation of the "investment style" of stocks and mutual funds. For stocks and stock funds, it classifies securities according to market capitalization (the vertical axis) and growth and value factors (the horizontal axis). Fixed income funds are classified according to credit quality (the vertical axis) and sensitivity to changes in interest rates (the horizontal axis).

**MPT Statistics (Modern Portfolio Theory)** - Alpha, beta, and R-squared are modern-portfolio-theory measures of a fund's relative risk, based on a least-squares regression of a fund's excess returns on the excess returns of a market index. Standard deviation is not considered an MPT statistic because it is not generated through the same formula or mathematical analysis as the other three statistics.

**Net Assets** - This figure is recorded in millions of dollars and represents the fund's total asset base, net of fees and expenses.

**Performance** - Expressed in percentage terms, Morningstar's calculation of total return is determined each month by taking the change in monthly net asset value, reinvesting all income and capital-gains distributions during that month, and dividing by the starting NAV. Reinvestments are made using the actual reinvestment NAV, and daily payoffs are reinvested monthly. Unless otherwise noted, Morningstar does not adjust total returns for sales charges (such as front-end loads, deferred loads and redemption fees), preferring to give a clearer picture of a fund's performance. The total returns do account for management, administrative, 12b-1 fees and other costs taken out of fund assets. Total returns for periods longer than one year are expressed in terms of compounded average annual returns (also known as geometric total returns), affording a more meaningful picture of fund performance than non-annualized figures.

**Price/Earnings Ratio (P/E Ratio)** - is a stock's current price divided by the company's trailing 12-month earnings per share from continuous operations. A fund's price/earnings ratio can act as a gauge of the fund's investment strategy in the current market climate, and whether it has a value or growth orientation. A high P/E usually indicates that the market will pay more to obtain the company's earnings because it believes in the firm's ability to increase its earnings. Companies in those industries enjoying a surge of popularity (e.g.: telecommunications, biotechnology) tend to have high P/E ratios, reflecting a growth orientation. (P/Es can also be artificially inflated if a company has very weak trailing earnings, and thus a very small number in this equation's denominator.) A low P/E indicates the market has less confidence that the company's earnings will increase; however, a fund manager or an individual with a 'value investing' approach may believe such stocks have an overlooked or undervalued potential for appreciation. More staid industries, such as utilities and mining, tend to have low P/E ratios, reflecting a value orientation.

**Prospectus Benchmark** - This is the investment product's primary benchmark as stated in a fund's prospectus. If a primary benchmark is not given, this field will be blank.

**Prospectus Objective** - Indicates a particular fund's investment goals, based on the wording in a fund's prospectus.

**Returns-Based Style Analysis/Exposure Chart** - Returns-based style analysis which was developed by Nobel Laureate William F. Sharpe as an alternative method for determining a manager's style without any information about the individual securities held in the manager's portfolio. The underlying principle behind this analysis was that the style of a manager can be determined by analyzing the total return pattern of the manager's portfolio. For example, if a manager's return pattern were identical to the return pattern of a Small Cap growth benchmark, the manager could be viewed as a Small Cap growth manager. Based on a mathematical formula which considers the performance benchmarks that are most highly correlated with the total returns of the portfolio, returns-based style analysis may be used to assess a fund manager's true investment style. Returns-based style analysis compares an investment's returns to the returns of certain indices. These comparisons imply which index each investment is most similar to, and which characteristics that investment is most likely to exhibit. The "Manager Style (36-Month Moving Windows, Computed Monthly)" chart includes points of varying sizes, where a smaller point represents an earlier moving window. The Russell Generic Corners include the following indices: Russell 1000 Value (rvalue), the Russell 1000 Growth (rgrowth), Russell 2000 Value (r2value), and Russell 2000 Value (r2growth). The style analysis included in this report may assist in evaluating the actual style and performance of various fund choices for its plan. Although many plan sponsors use this type of analytical information to evaluate fund choices, you should make your own determination about how and whether such information should be used for your plan.

**Sector Weighting** - This chart/table shows the percentage of the portfolio's equity assets invested in each of the 11 major industry sub-classifications, grouped by three "super sectors." Three broad stock sector areas - Cyclical, Sensitive and Defensive are displayed. The broad sectors are broken down further as follows: Cyclical includes Basic Materials, Consumer Cyclical, Financial Services, and Real Estate; Sensitive includes Communication Services, Energy, Industrials, and Technology; and Defensive includes Healthcare, Consumer Defensive, and Utilities.

**Sharpe Ratio** - The Sharpe Ratio indicates the excess return per unit of total risk as measured by Standard Deviation. It is a ratio of the arithmetic average of excess returns over the risk free rate to the Standard Deviation. The Sharpe Ratio is a measure of the premium earned for the risk incurred by the portfolio.

**Since Inception (SI)** - Reflects the funds' performance from its Inception date (see fund inception date).

**Sortino Ratio** - The Sortino ratio, a variation of the Sharpe ratio, differentiates harmful volatility from volatility in general by using a value for downside deviation. The Sortino ratio is the excess return over the risk-free rate divided by the downside semi-variance, and so it measures the return to "bad" volatility. (Volatility caused by negative returns is considered bad or undesirable by an investor, while volatility caused by positive returns is good or acceptable.) In this way, the Sortino ratio can help an investor assess risk in a better manner than simply looking at excess returns to total volatility, as such a measure does not consider how often returns are positive as opposed to how often they're negative.



**Standard Deviation (StdDev)** - A measure of the extent to which observations in a series vary from the arithmetic mean of the series. The Standard Deviation of a series of asset returns is a measure of volatility or risk of the asset.

**Style Drift** - Style Drift measures the variability of style through time. A Style Drift of 0 indicates perfect style consistency and is equivalent to buying and rebalancing the indices that constitute the style basis each period. Style drift is designed to measure style inconsistency. A style drift of 100 indicates very little if any consistency in style.

**Style Map** - Plots the historical exposures of a fund's style across appropriate dimensions, such as growth vs. value for equity funds and credit quality for fixed income funds. By viewing this chart, an investor can determine a manager's style consistency over time.

**Style R-Squared** - Similar to the Benchmark R-Squared Calculation except market volatility is defined by the style portfolio and not the benchmark.

**Target Date Asset Allocation** - The chart and associated tables show the asset breakdown of the Target Date Fund family based on a "look through" of the underlying holdings which are classified by Morningstar and groups them into four general investment groups: Cash, Equities (US and Non-US Equities), Bonds (US and Non-US Bonds) and Other. Other includes preferred stocks (equity securities that pay dividends at a specific rate) as well as convertible bonds and convertible preferred, which are corporate securities that are exchangeable for a set amount of another form of security (usually common shares) at a pre-stated price. Other also denotes all those not-so-neatly categorized securities, such as warrants and options. The Target Asset Allocation breakdown is calculated using rescaled long-only holdings.

**Top Ten Holdings** - The investment manager's ten largest individual security holdings in the portfolio and their percent of the total fund's market value.

**Tracking Error (Excess Standard Deviation)** - Tracking Error is a measure of how closely an investment's returns track the returns of the selected Market Index. It is the annualized Standard Deviation of the differences between the investment's and the associated index's returns. If an investment tracks its associated index closely, then Tracking Error will be low. If an investment tracks its associated index perfectly, then Tracking Error will be zero.

**Turnover Ratio** - This is a measure of the fund's trading activity, which is computed by taking the lesser of purchases or sales (excluding all securities with maturities of less than one year) and dividing by average monthly net assets. A turnover ratio of 100% or more does not necessarily suggest that all securities in the portfolio have been traded. In practical terms, the resulting percentage loosely represents the percentage of the portfolio's holdings that have changed over the past year. A low turnover figure (20% to 30%) would indicate a buy-and-hold strategy. High turnover (more than 100%) would indicate an investment strategy involving considerable buying and selling of securities. Morningstar does not calculate turnover ratios. The figure is culled directly from the financial highlights of the fund's annual report.

**Up Market (Mkt) Capture Ratio** - Up Market Capture Ratio is a measure of a product's performance in up markets relative to the market itself. An up market is one in which the market's return is greater than or equal to zero. The higher the investment's Up Market Capture Ratio, the better the investment capitalized on a rising market

**Up Market Average Return** - Average monthly return over the time period analyzed in which the market (benchmark) earned a positive return.

**YTD** - Year to Date.

## BENCHMARK DEFINITIONS

**BB Aggregate Bond** - The index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. It rolls up into other Barclays flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.

**BB Government 1-3 Yr** - The index measures the performance of the U.S. Treasury and U.S. Agency Indices with maturities of 1-3 years, including Treasuries and U.S. agency debentures. It is a component of the U.S. Government/Credit Index and the U.S. Aggregate Index.

**BB Long Government** - The index measures the performance of the U.S. Treasury and U.S. Agency Indices with maturities of 10 years and greater, including Treasuries and U.S. agency debentures. It is a component of the U.S. Government/Credit Index and the U.S. Aggregate Index.

**BB Long Government/Credit** - The index measures the performance of non-securitized component of the U.S. Aggregate Index with maturities of 10 years and greater, including Treasuries, government-related issues and corporates. It is a subset of the U.S. Aggregate Index.



# Sample UBS Investment Monitoring Report

## Definitions and Disclosures

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**BB Muni Bond** - This index measures the performance of the Bloomberg Barclays U.S. Municipal bond, which covers the USD-denominated Long-Term tax exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

**BB TIPS** - The index measures the performance of rules-based, market value-weighted inflation-protected securities issued by the U.S. Treasury. It is a subset of the Global Inflation-Linked Index (Series-L)

**BB U.S. Corporate Investment Grade** - The index measures the performance of the investment grade, U.S. dollar-denominated, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-U.S. industrial, utility, and financial issuers that meet specified maturity, liquidity, and quality requirements.

**BBgBarc EM Local Currency Govt TR USD** - The Index is a country-constrained, more liquid version of the flagship Emerging Markets Local Currency Government Index, which is designed to provide a broad measure of the performance of local currency Emerging Markets (EM) debt.

**BBgBarc Govt/Corp 1 Yr Duration TR USD** - The index measures the performance of investment grade, U.S. denominated, fixed-rate securities excluding STRIPS, TIPS and floaters. Its minimum index rating is A3 and the max maturity is 5 years.

**BBgBarc US Govt/Credit 1-5 Yr TR USD** - The index measures the performance of the non-securitized component of the U.S. Aggregate Index including treasuries, government-related issues and corporates with maturities of one to five years. It is a subset of the U.S. Aggregate Index.

**Bloomberg Agriculture TR** - The index is a commodity group subindex of the Bloomberg CITR. The index is composed of futures contracts on coffee, corn, cotton, soybeans, soybean oil, soybean meal, sugar and wheat. It reflects the return on fully collateralized futures positions and is quoted in USD.

**Bloomberg Commodity Index TR** - The index measures the performance of future contracts on physical commodities which traded on US exchanges and London Metal Exchange. The commodity weightings are based on production and liquidity, subject to weighting restrictions applied annually.

**Bloomberg Energy TR** - The index is a commodity group subindex of the Bloomberg CITR. The index is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return on fully collateralized futures positions and is quoted in USD

**Bloomberg Industrial Metals TR** - The index measures the performance of four future contracts on industrial metals. Three of the futures contracts (aluminum, nickel and zinc) are traded on the London Metal Exchange and the other one (copper) is traded on the COMEX division of the New York Mercantile Exchange. It is a sub-index of the Dow Jones-UBS Commodity Index.

**Bloomberg Precious Metals TR** - The index measures the performance of two future contracts on Precious Metals: gold and silver. It is a multiple-commodity sub-index consisting of the contracts included in the Dow Jones-UBS Commodity Index related to precious metals.

**BofA ML 90-day Tbill Auction Avg** - The index measures the performance of a single issue of outstanding treasury bill which matures closest to, but not beyond, three months from the rebalancing date. The issue is purchased at the beginning of the month and held for a full month; at the end of the month that issue is sold and rolled into a newly selected issue.

**CBOE S&P 500 BuyWrite BXM** - The index measures the performance of a portfolio that engages in a buy-write strategy using S&P 500 index call options. It is a passive total return index based on selling the near-term, near-the-money S&P 500 Index (SPX) call option against the S&P 500 stock index portfolio each month. The SPX call that is sold (or written) will have approximately one month remaining to expiration, with an exercise price just above the prevailing index level (i.e., slightly out of the money). The premium collected from the sale of the call is added to the portfolio's total value. The SPX call is held until its expiration, at which time a new one-month, near-the-money call is written. The expired option, if exercised, is settled in cash.

**Citi WGBI NonUSD USD** - The index measures the performance of fixed-rate, local currency, investment-grade sovereign bonds of all WGBI countries except the United States and is stated in US dollar terms. It is a subset of Citigroup World Government Bond Index (WGBI).

**Credit Suisse Mgd Futures Liquid TR USD** - The index seeks to gain broad exposure to the Managed Futures strategy using a pre-defined quantitative methodology to invest in a range of asset classes including: equities, fixed income, commodities and currencies.

**DJ Brookfld Global Infra TR USD** - The index measures the stock performance of pure-infrastructure companies domiciled globally. The index covers all sectors of the infrastructure market. It is weighted by float-adjusted market capitalization.

**DJ United States Technology** - The index measures the performance of all US stocks in the Dow Jones US Index classified into technology sector. The sector classifications is defined by the proprietary classification system which used by S&P Dow Jones. It is a free-float weighted index.



**DJ US Aggressive Portfolio Index** - The index measures the performance of returns on its total portfolios with a target risk level of Aggressive- risk level is set to 80% of the Dow Jones Global Stock CMAC Index's downside risk (past 36 months). Its portfolios includes three major asset classes: stocks, bonds and cash. The weightings are rebalanced monthly to maintain the target level.

**DJ US Conservative Portfolio Index** - The index measures the performance of returns on its total portfolios with a target risk level of Conservative-investor willing to take 20% of all stock portfolio risk. It is made up of composite indices representing the three major asset classes: stocks, bonds and cash. The weightings are rebalanced monthly to maintain the target level. The index is subset of US series of Dow Jones Relative Risk Indices.

**DJ US Moderate Portfolio Index** - The index measures the performance of returns on its total portfolios with a target risk level of a Moderate-investor willing to take 60% of all stock portfolio risk. It is made up of composite indices representing the three major asset classes: stocks, bonds and cash. The weightings are rebalanced monthly to maintain the target level. The index is a subset of US series of Dow Jones Relative Risk Indices.

**DJ US Moderately Aggressive Portfolio Index** - The index measures the performance of returns on its total portfolios with a target risk level of Moderately Aggressive-will to take 80% of all stock portfolio risk. Its portfolios includes three major asset classes: stocks, bonds and cash. The weightings are rebalanced monthly to maintain the target level. The index is subset of US series of Dow Jones Relative Risk Indices.

**DJ US Moderately Conservative Portfolio Index** - The index measures the performance of returns on its total portfolios with a target risk level of Moderately Conservative-investor will to take 40% of all stock portfolio risk. Its portfolios includes three major asset classes: stocks, bonds and cash. The weightings are rebalanced monthly to maintain the target level. The index is subset of US series of Dow Jones Relative Risk Indices.

**DJ US Target Date Indices** - The Dow Jones Target Date Indices comprise a series of risk allocations corresponding to target date years. They are composed of sub-indices ranging across several asset classes. The indices serve as market risk-sensitive benchmarks for target date, or "lifecycle", funds, which are typically used within defined contribution retirement plans or to meet other long-term capital accumulation goals. The indices adjust their asset allocations over time to reflect reductions in potential risk as an investor's target date approaches. This aspect of asset class exposure is frequently referred to as a "target date glide path", wherein total equity exposure typically lessens with the passage of time.

**DJUSSlct REIT** - The index measures the performance of publicly traded real estate investment trusts (REITs) and REIT-like securities. The index is a subset of the Dow Jones US Select Real Estate Securities Index (RESI). The index is designed to serve as proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

**ICE BofAML Fxd Rate Pref TR USD** - The index measures the performance of fixed rate US dollar denominated preferred securities issued in the US domestic market. Qualifying securities must have an investment grade rating and must have an investment grade rated country of risk.

**ICE BofAML US Convt Bonds TR USD** - The index measures the performance of USD-denominated convertibles that are sold in the US market and publicly traded in the US including coupon bonds, OIDs, and zeros. Qualifying securities must have at least \$50mn in market value. Qualifying companies must have a significant revenue footprint in the US. It is capitalization-weighted.

**ICE BofAML US High Yield Index** - The index measures the performance of short-term US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of \$100 million. It is capitalization-weighted.

**ICE BofAML USD 3M Dep OR CM TR USD** - The index measures the performance of a synthetic asset paying Libor to a stated maturity. It is based on the assumed purchase at par of a synthetic instrument having exactly its stated maturity and with a coupon equal to that days fixing rate. That issue is assumed to be sold the following business day (priced at a yield equal to the current day fixing rate) and rolled into a new instrument.

**JPM EMBI Global TR USD** - The index measures the performance of fix-rate for external-currency denominated debt instruments including brady bonds, loans, Eurobonds in emerging markets. Countries covered are Argentina, Brazil, Bulgaria, Mexico, Morocco, Nigeria, the Philippines, Poland, Russia, and South Africa. It covers more of the eligible instruments than the EMBI+ by relaxing somewhat the strict EMBI+ limits on secondary market trading liquidity.

**Morningstar Gbl Allocation TR USD** - The index measures the performance of a multi-asset class portfolio of global equities, global bonds and cash. This portfolio is held in a static allocation that is appropriate for investors who seek average exposure to global equity market risk and returns.

**Morningstar Gbl Lng/Shrt Curr TR USD** - The index measures the performance of global highly liquid exchange listed futures contracts in currencies. It has the ability to go both long and short, providing greater flexibility and the potential to capture both upward and downward movements in price.

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**Morningstar MLP Composite TR USD** - The index measures the performance of US publicly trading energy master limited partnerships. It is a diversified, distribution-dollar weighted index that targets the top 97% of investable universe by float market capitalization.

**Morningstar Mod Tgt Risk TR USD** - The Morningstar Target Risk Index family is designed to meet the needs of investors who would like to maintain a target level of equity exposure through a portfolio diversified across equities, bonds and inflation-hedged instruments. The Morningstar Moderate Target Risk Index seeks approximately 60% exposure to global equity markets.

**Morningstar US Market TR USD** - The index measures the performance of US securities and targets 97% market capitalization coverage of the investable universe. It is a diversified broad market index.

**MSCI AC Far East ex Japan ND USD** - The index measures the performance of the large and mid-cap segments of the Far East region, excluding Japan equity securities, including developed and emerging market. It is free float-adjusted market-capitalization weighted.

**MSCI AC World Index ex USA Growth ND USD** - The index measures the performance of the growth large and mid-cap segments of the particular regions, excluding USA equity securities, including developed and emerging market. It is free float-adjusted market-capitalization weighted.

**MSCI AC World Index ex USA ND USD** - The index measures the performance of the large and mid-cap segments of the particular regions, excluding USA equity securities, including developed and emerging market. It is free float-adjusted market-capitalization weighted.

**MSCI AC World Index ex USA Value ND USD** - The index measures the performance of the value large and mid-cap segments of the particular regions, excluding USA equity securities, including developed and emerging market. It is free float-adjusted market-capitalization weighted.

**MSCI China ND USD** - The index measures the performance of the large and mid-cap segments of emerging China equity securities. It is free float-adjusted market-capitalization weighted.

**MSCI EM (Emerging Markets) ND USD** - The index measures the performance of the large and mid-cap segments of emerging market equity securities. It is free float-adjusted market-capitalization weighted.

**MSCI EM Latin America ND USD** - The index measures the performance of the large and mid-cap segments of emerging Latin America equity securities. It is free float-adjusted market-capitalization weighted.

**MSCI Europe ND USD** - The index measures the performance of the large and mid-cap segments of developed Europe equity securities. It is free float-adjusted market-capitalization weighted.

**MSCI India ND USD** - The index measures the performance of the large and mid-cap segments of India equity securities. It is free float-adjusted market-capitalization weighted.

**MSCI Japan ND USD** - The index measures the performance of the large and mid-cap segments of Japan equity securities. It is free float-adjusted market-capitalization weighted.

**MSCI Pacific ND USD** - The index measures the performance of the large and mid-cap segments of the developed Pacific region equity securities. It is free float-adjusted market-capitalization weighted.

**MSCI The World Index ND USD** - The index measures the performance of the large and mid-cap segments of world equity securities. It is free float-adjusted market-capitalization weighted.

**MSCI World ex USA Smid Cap ND USD** - This index measures the performance of small and mid-segment of World excluding USA equity securities. It captures mid and small representation across 22 of 23 developed market countries and 21 emerging markets countries and it covers approximately 28% of the free float-adjusted market capitalization in each country. The index is free float-adjusted market capitalization weighted.

**MSCI World/Metals & Mining ND USD** - The index measures the performance of the large and mid-cap metals and mining (industry) segments of world equity securities. It is constructed using GICS-Global Industry Classification Standard. The index is free float-adjusted market-capitalization weighted.

**Russell 1000 Growth Index** - The index measures the performance of the large-cap growth segment of the US equity securities. It includes the Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values. It is market-capitalization weighted.

**Russell 1000 Index** - The index measures the performance of the large-cap segment of the US equity securities. It is a subset of the Russell 3000 index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership.

**Russell 1000 Value Index** - The index measures the performance of the large-cap value segment of the US equity securities. It includes the Russell 1000 index companies with lower price-to-book ratios and lower expected growth values. It is market-capitalization weighted.



# Sample UBS Investment Monitoring Report

## Definitions and Disclosures

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**Russell 2000 Growth Index** - The index measures the performance of small-cap growth segment of the US equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values. It is market-capitalization weighted.

**Russell 2000 Index** - The index measures the performance of the small-cap segment of the US equity universe. It is a subset of the Russell 3000 and includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

**Russell 2000 Value Index** - The index measures the performance of small-cap value segment of the US equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. It is market-capitalization weighted.

**Russell Mid-Cap Growth Index** - The index measures the performance of the mid-cap growth segment of the US equity universe. It includes Russell midcap index companies with higher price-to-book ratios and higher forecasted growth values. It is market-capitalization weighted.

**Russell Mid-Cap Index** - The index measures the performance of the mid-cap segment of the US equity universe. It is a subset of Russell 1000 index and includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The index represents approximately 31% of the total market capitalization of the Russell 1000 companies.

**Russell Mid-Cap Value Index** - The index measures the performance of the mid-cap value segment of the US equity universe. It includes Russell midcap index companies with lower price-to-book ratios and lower forecasted growth values. It is market-capitalization weighted.

**S&P 1500 Consumer Discretionary** - The index measures the performance of consumer discretionary (sector) segment of US equity securities. It comprises those companies included in the S&P Composite 1500 that are classified as members of the Global Industry Classification Standard (GICS) Consumer Discretionary (sector).

**S&P 1500 Consumer Staples** - The index measures the performance of consumer staples (sector) segment of US equity securities. It comprises those companies included in the S&P Composite 1500 that are classified as members of the Global Industry Classification Standard (GICS) Consumer Staples (sector).

**S&P 1500 Energy** - The index measures the performance of energy (sector) segment of US equity securities. It comprises those companies included in the S&P Composite 1500 that are classified as members of the Global Industry Classification Standard (GICS) Energy (sector).

**S&P 1500 Financials** - The index measures the performance of Financials (sector) segment of US equity securities. It comprises those companies included in the S&P Composite 1500 that are classified as members of the Global Industry Classification Standard (GICS) Financials (sector).

**S&P 1500 Health Care** - The index measures the performance of health care (sector) segment of US equity securities. It comprises those companies included in the S&P Composite 1500 that are classified as members of the Global Industry Classification Standard (GICS) Health Care (sector).

**S&P 1500 Industrials** - The index measures the performance of industrials (sector) segment of US equity securities. It comprises those companies included in the S&P Composite 1500 that are classified as members of the Global Industry Classification Standard (GICS) Industrials (sector).

**S&P 1500 Telecommunication Services** - The index measures the performance of Telecom Services (sector) segment of US equity securities. It comprises those companies included in the S&P Composite 1500 that are classified as members of the Global Industry Classification Standard (GICS) Telecom Services (sector).

**S&P 1500 Utilities** - The index measures the performance of Utilities (sector) segment of US equity securities. It comprises those companies included in the S&P Composite 1500 that are classified as members of the Global Industry Classification Standard (GICS) Utilities (sector).

**S&P 500 Index** - The index measures the performance of 500 widely held stocks in US equity market. Standard and Poor's chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid-1989, this composition has been more flexible and the number of issues in each sector has varied. It is market capitalization-weighted.

**S&P 500 VIX Short Term Futures TR USD** - The index measures the performance of return from a daily rolling long position in the first and second month VIX futures contracts. It is S&P 500 VIX Futures Index Series which seeks to model the outcome of holding long and/or short positions in VIX futures contracts or other VIX indices.

**S&P Global REIT TR** - The index measures the performance of publicly traded equity REITs listed in both developed and emerging markets. It is a member of the S&P Global Property Index Series.

**S&P North American Natural Resources TR** - The index measures the performance of US traded securities that are classified under the Global Industry Classification Standard (GICS) energy and materials (sector) excluding the chemicals (industry) and steel (sub-industry).



**S&P/LSTA Leveraged Loan TR** - The index measures the performance of 100 loan facilities drawn from the S&P/LSTA (Loan Syndications and Trading Association) Leveraged Loan Index (LLI). Standard & Poor's chooses these based on market weightings, spreads, and interest payments of the largest facilities in the leveraged loan market.

### PEER RANK DEFINITIONS

**Expense Rank** - MPI ranks each fund based on its net prospectus expense ratio. Each fund is ranked within a universe of funds similar in portfolio characteristics and capitalizations as defined by Morningstar Inc. With 1 being the highest percentile and 100 being the lowest, compared to its peers. The quartile rank graphs contained at the right-hand side of each table illustrate which quartile the fund is in relative to the assigned peer group. Beginning from the top the first band represents the 5-25<sup>th</sup> percentile, the second is the 25th-50th, the 3rd band is the 50th -75th, and the final is the 75th-95th. The top and bottom 5% of funds are removed from the peer bands for reporting purposes only (but not the calculation) as they are considered outliers. For performance, the highest performing funds would be in the top quartile. For both the expense ratio and risk ranks the funds with the lowest values would appear on the top quartile.

**Peer Return Rank** - Peer ranks are all owned and calculated by MPI Stylus. It is based on a 3 month, year-to-date, one, three, five, seven, and ten year annualized periods. The peer return rank is designed to provide a rank of performance returns for each fund among its peer group universe. Throughout the report the funds are grouped by their category and are Morningstar Categories. MPI ranks each fund based on average annual total returns assuming reinvestment of dividends and capital gains, distributions, at net asset value and the deduction of all fund expenses. Each fund is ranked within a universe of funds similar in portfolio characteristics and capitalizations as defined by Morningstar Inc. Rankings do not include the effect of the fund's sales charges. Results would have been less favorable had sales charges been included. A high ranking does not necessarily imply that a fund achieved positive results for the period. Excess returns do not necessarily imply positive results. Past performance is no guarantee of future results.

MPI uses the Morningstar categories to calculate the ranks. The number of funds in each category for each rank is provided with the associated funds. The quartile rank graphs illustrate which quartile the fund is in relative to the assigned peer group. Beginning from the top the first band represents the 5-25th percentile, the second is the 25th-50th, the 3rd band is the 50th-75th, and the final is the 75th-95th. The top and bottom 5% of funds are removed from the peer bands for reporting purposes only (but not the calculation) as they are considered outliers. For performance, the highest performing funds would be in the top quartile. For both the expense ratio and risk ranks the funds with the lowest values would appear on the top quartile. If a fund has a rank of 95, it can be seen as if there are 95% other funds that are superior to it for the specified analytic.

**Risk Rank** - The Risk Rank calculation is based on three, five, and ten year annualized periods. With 1 being the highest percentile and 100 being the lowest, compared to its peers. The risk rank uses standard deviation for each fund for the share class identified among its peer group universe. The quartile rank graphs, which appear on the Risk Analysis section, contained at the right-hand side of each table illustrate which quartile the fund is in relative to the assigned peer group. Beginning from the top the first band represents the 5-25th percentile, the second is the 25th-50th, the 3rd band is the 50<sup>th</sup> - 75th, and the final is the 75th-95th. The top and bottom 5% of funds are removed from the peer bands for reporting purposes only (but not the calculation) as they are considered outliers. For performance, the highest performing funds would be in the top quartile. For both the expense ratio and risk ranks the funds with the lowest values would appear on the top quartile.

**Peer Risk Adj (Sharpe Ratio) Rank** - Is based on a 3 month, year-to-date, one, three, five, seven, and ten year annualized periods. The peer return rank is designed to provide a rank of Sharpe Ratio for each fund among its peer group universe. With 1 being the highest percentile and 100 being the lowest, compared to its peers. The Sharpe Ratio is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance.

**Target Date Asset Allocation Rank** - The target date asset allocation table ranks the asset breakdown of the Target Date Fund family relative to its peers. The asset breakdown is based on a "look through" of the underlying holdings which are classified by Morningstar and grouped into four general investment groups: Cash, Equities (US and Non-US Equities), Bonds (US and Non-US Bonds) and Other. Please see "Important Information" section for additional details.

Each column in the table ranks the specified target date fund vintage against its corresponding Morningstar Target date peer group within each asset group. For example, the "2040" column compares the Target Date 2040 fund against the Morningstar Target date 2040 peer group; with 1 being the highest percentile and 100 being the lowest, compared to its peers. The quartile rank graphs depicted to the right of each table value illustrates which quartile the fund is in relative to the assigned peer group. Beginning from the top, the first band represents the 5-25th percentile, the second is the 25th-50th, the 3rd band is the 50th -75th, and the final is the 75th-95th. The top and bottom 5% of funds are removed from the peer bands for reporting purposes only (but not the calculation) as they are considered outliers. The funds with the highest holdings based asset exposure to a specific asset group would be in the top quartile.

