

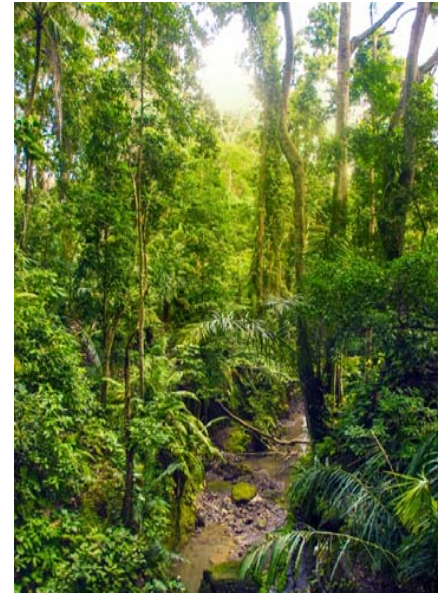
UBS House View: *It's a jungle out there*

The Arbor Group
UBS Institutional Consulting



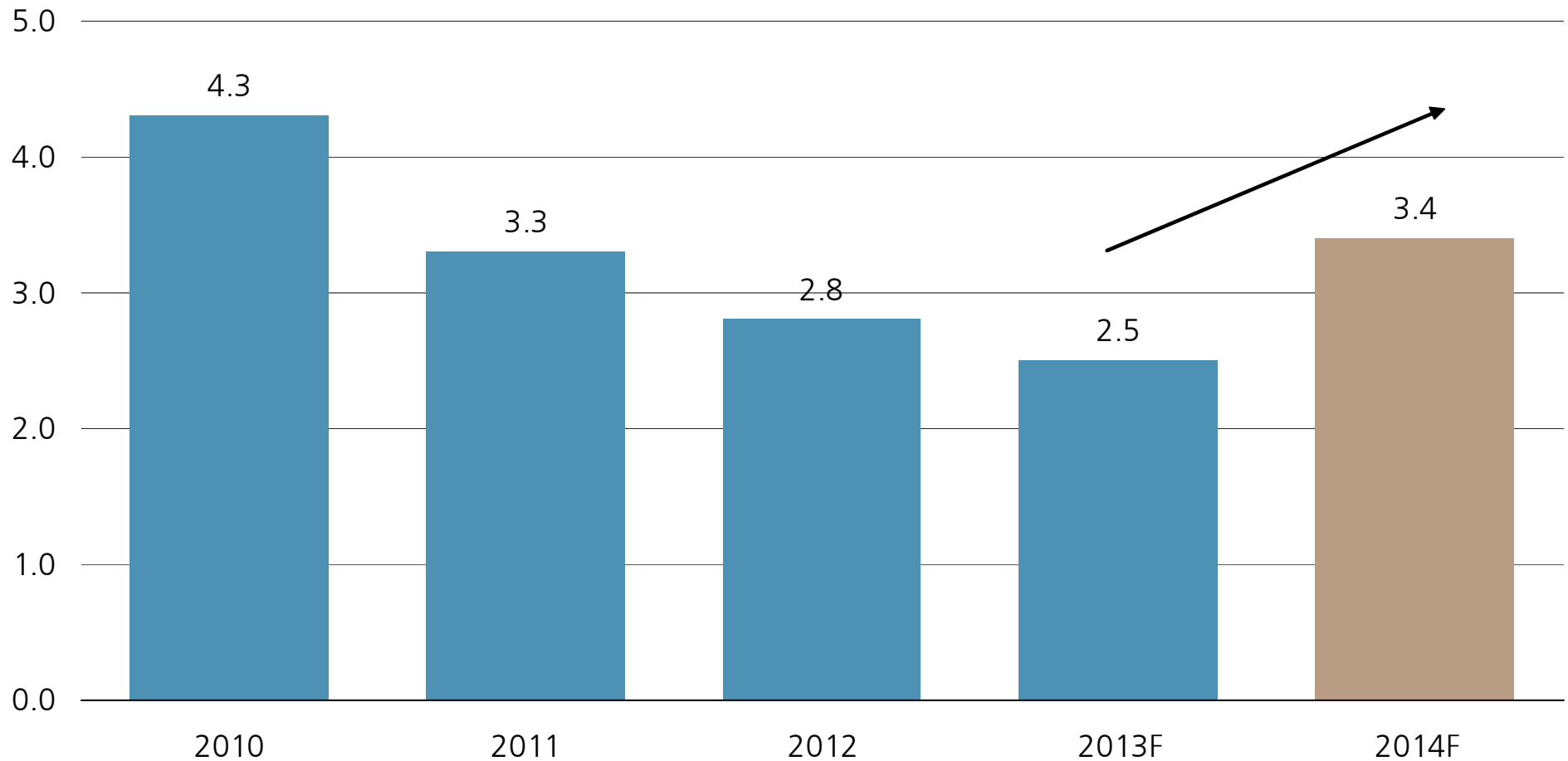
Section 2

Macro view



World – Growth (finally) set to pick up

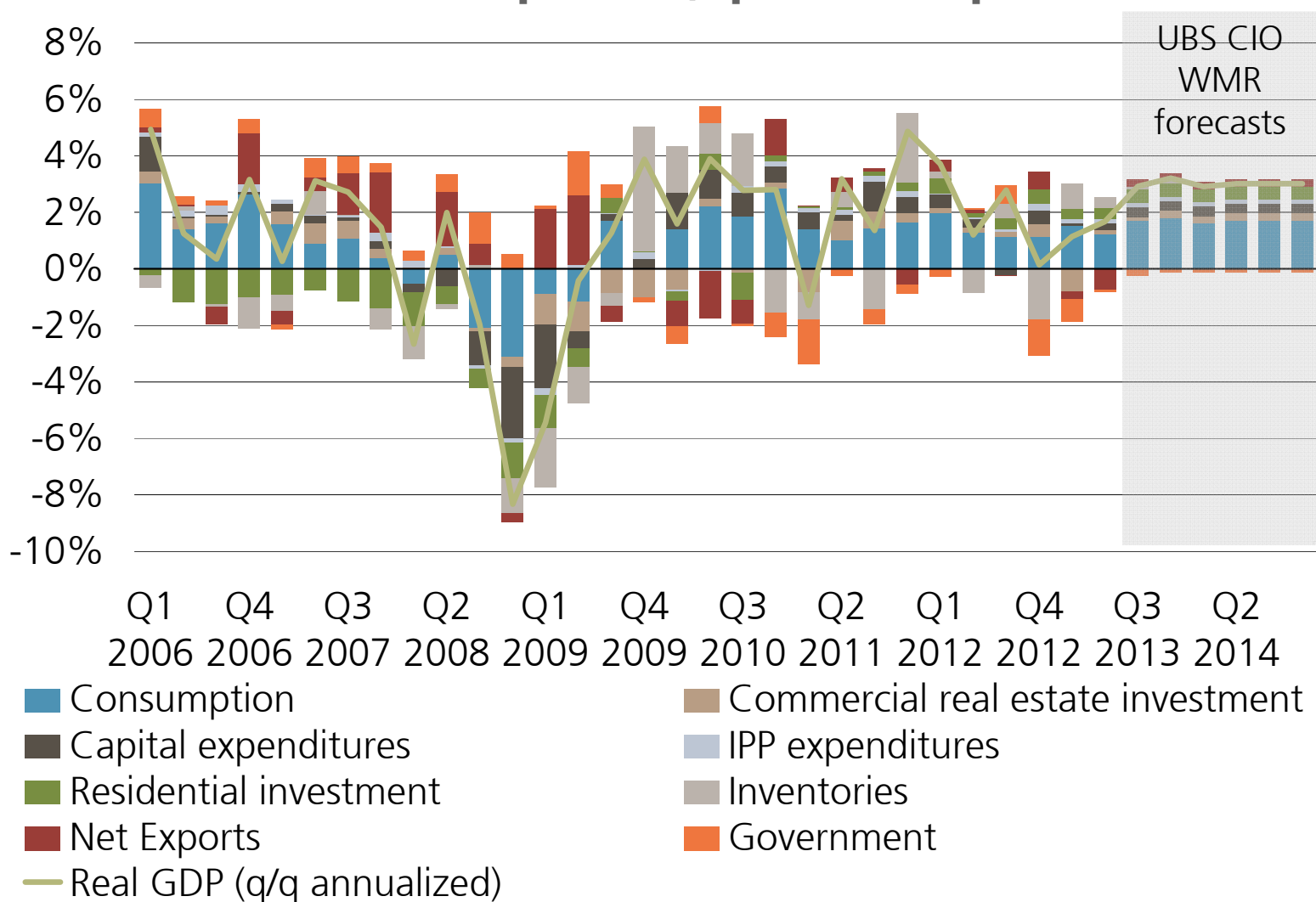
Real global GDP growth, %



Source: UBS, as of 23 October 2013

US – Real GDP growth to accelerate

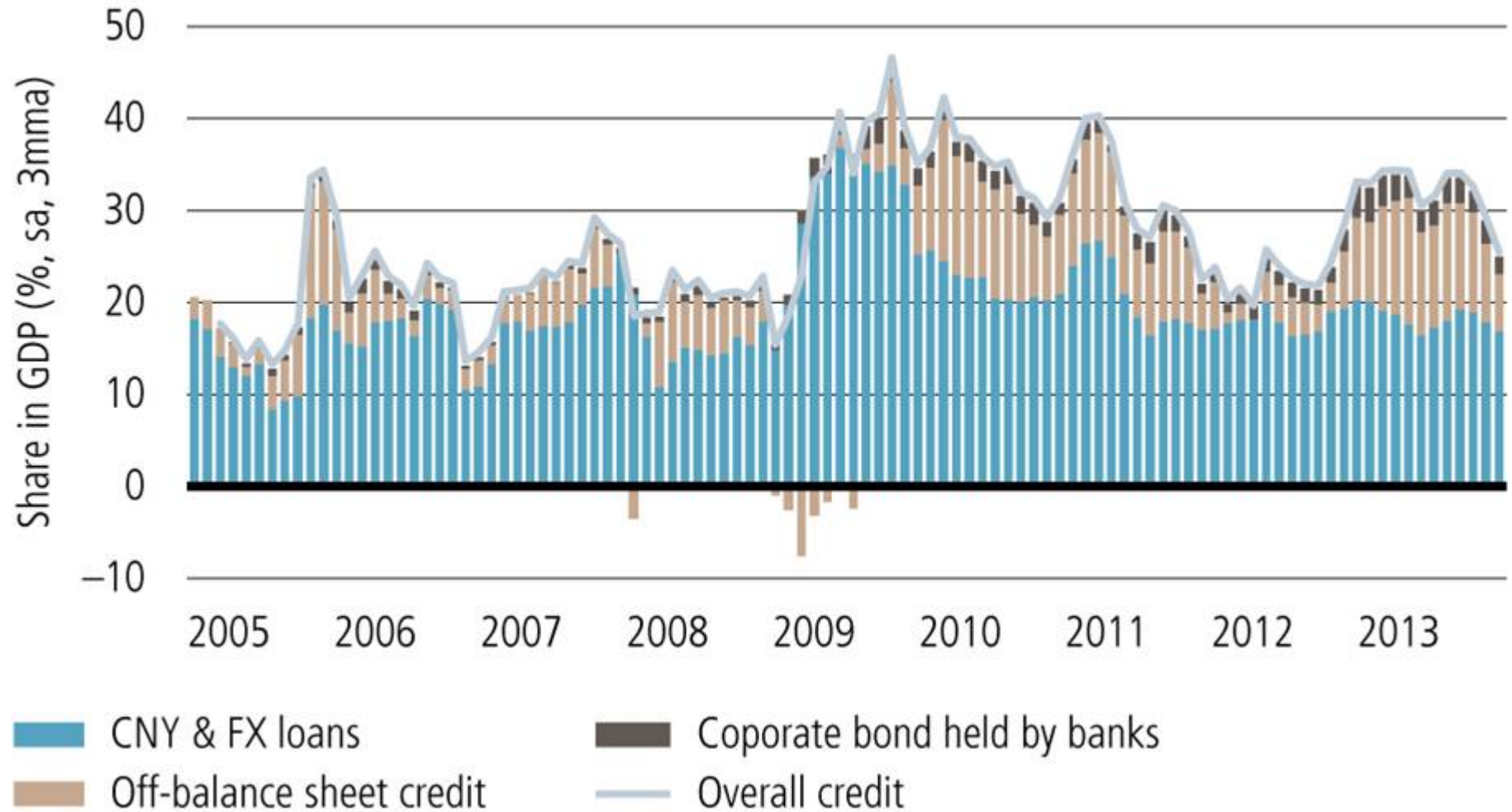
US real GDP and its components, quarter-on-quarter annualized in %



Note: In developing these forecasts, WMR economists worked in collaboration with economists employed by UBS Investment Research (INV). INV is published by UBS Investment Bank. Forecasts and estimates are current only as of the date of this publication and may change without notice. The 2014 real GDP growth forecasts are spread out evenly across the quarters to be consistent with the full year calendar average growth forecast.

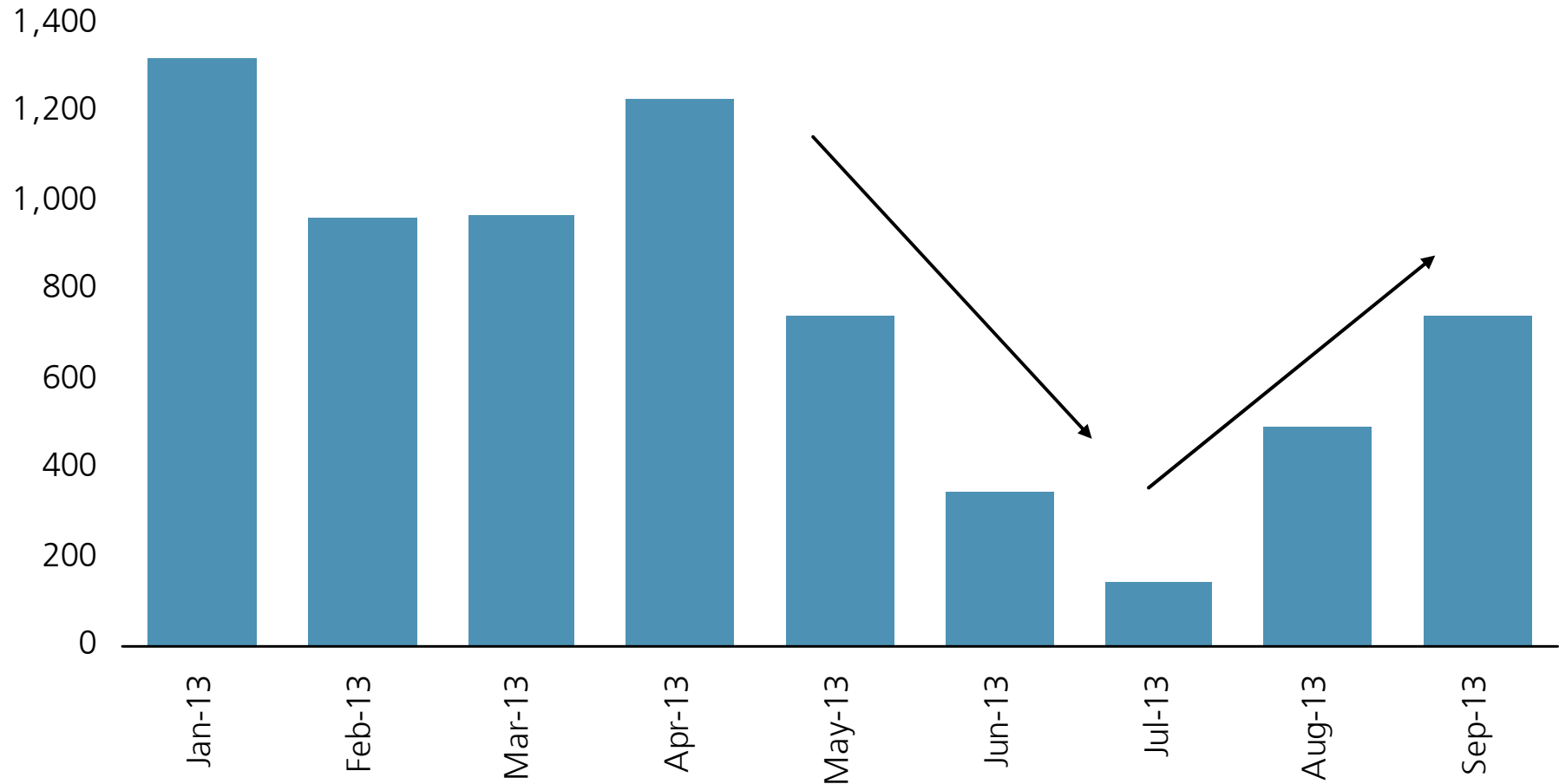
China economic outlook

Credit impulse has peaked



China – allowing credit growth again

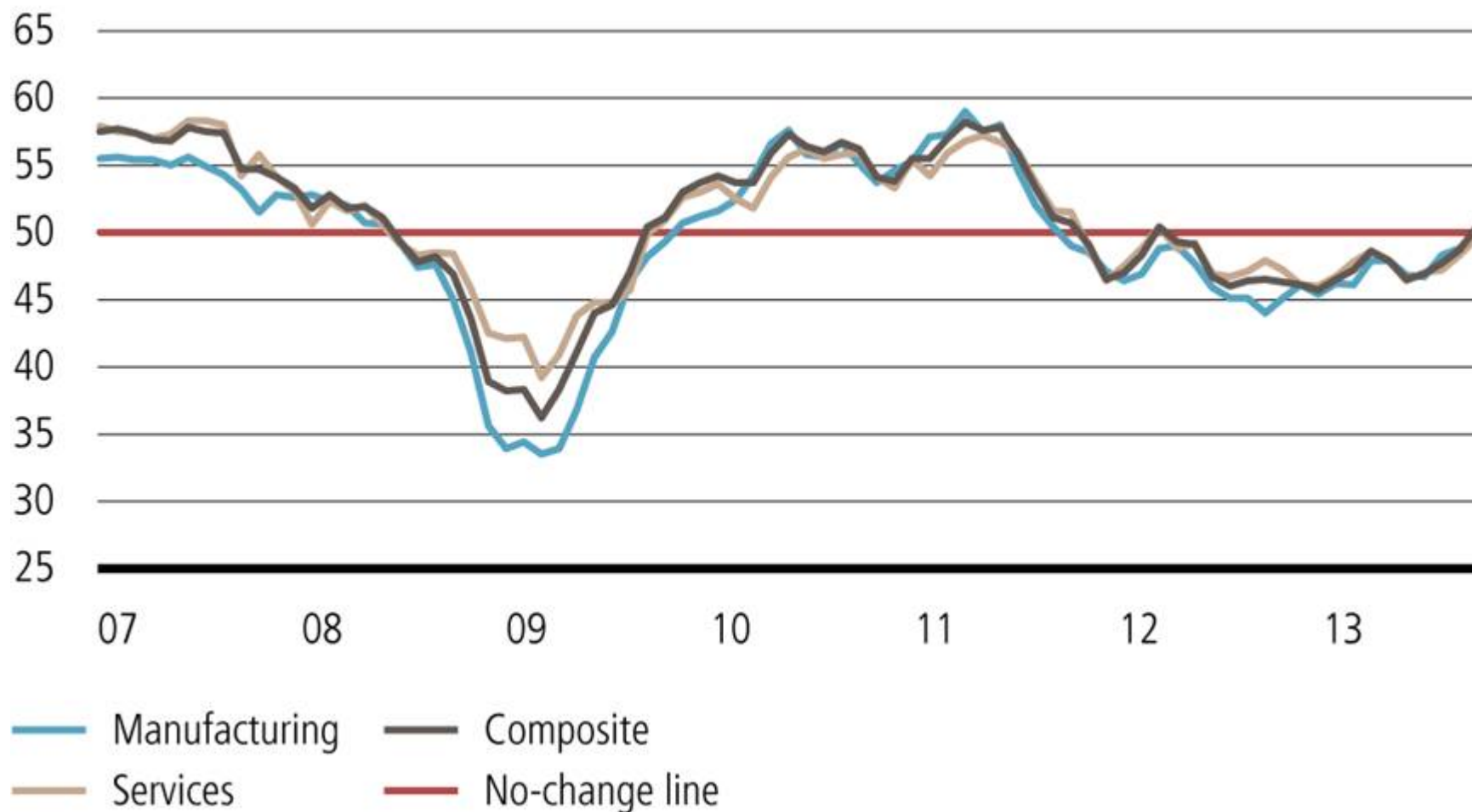
China total non-bank loan financing (2mma, RMBbn)



Source Bloomberg, UBS

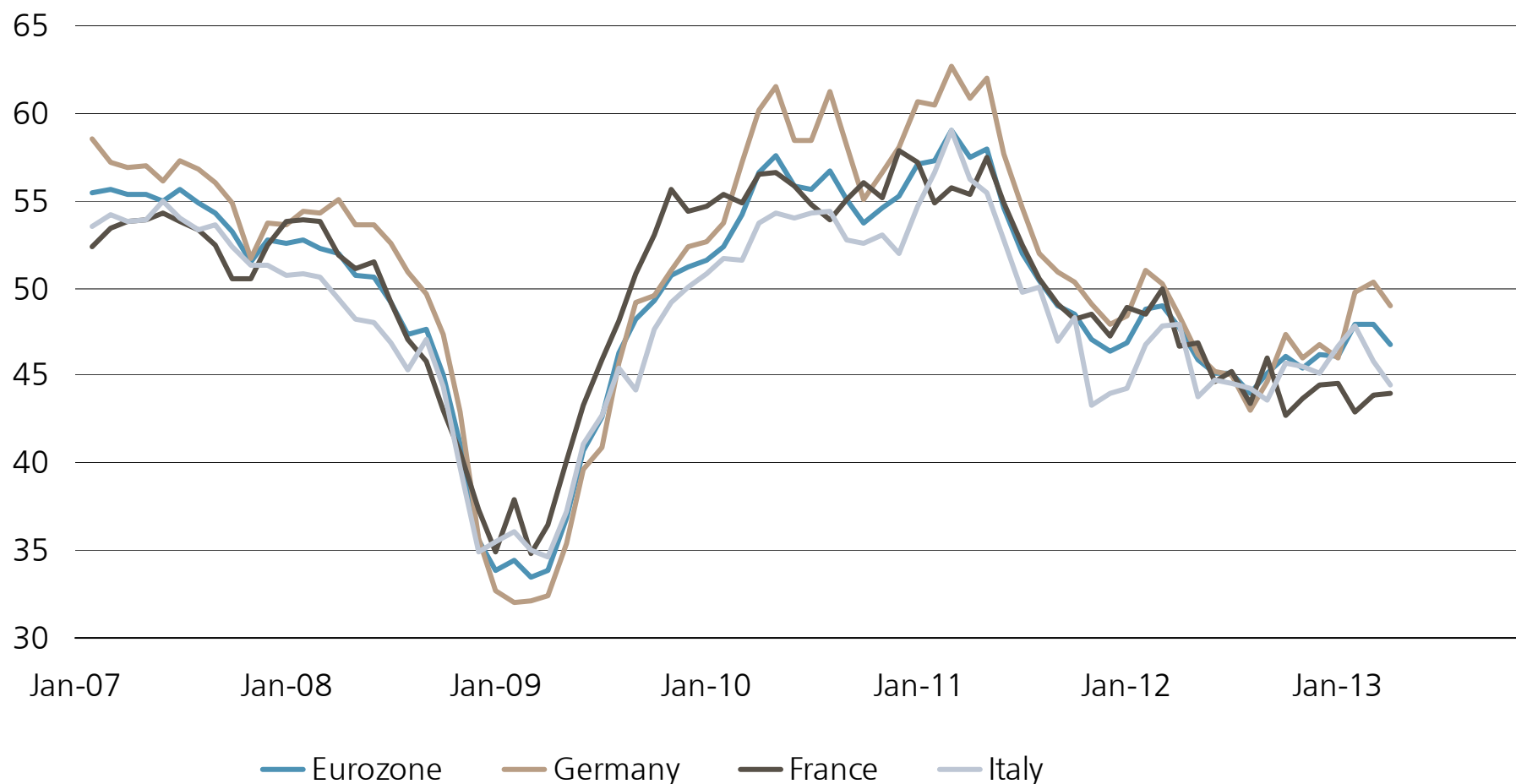
Eurozone economic outlook

Eurozone composite purchasing manager index moved into expansionary territory



Eurozone – Improving manufacturing activity

Manufacturing Purchase Managers' Index



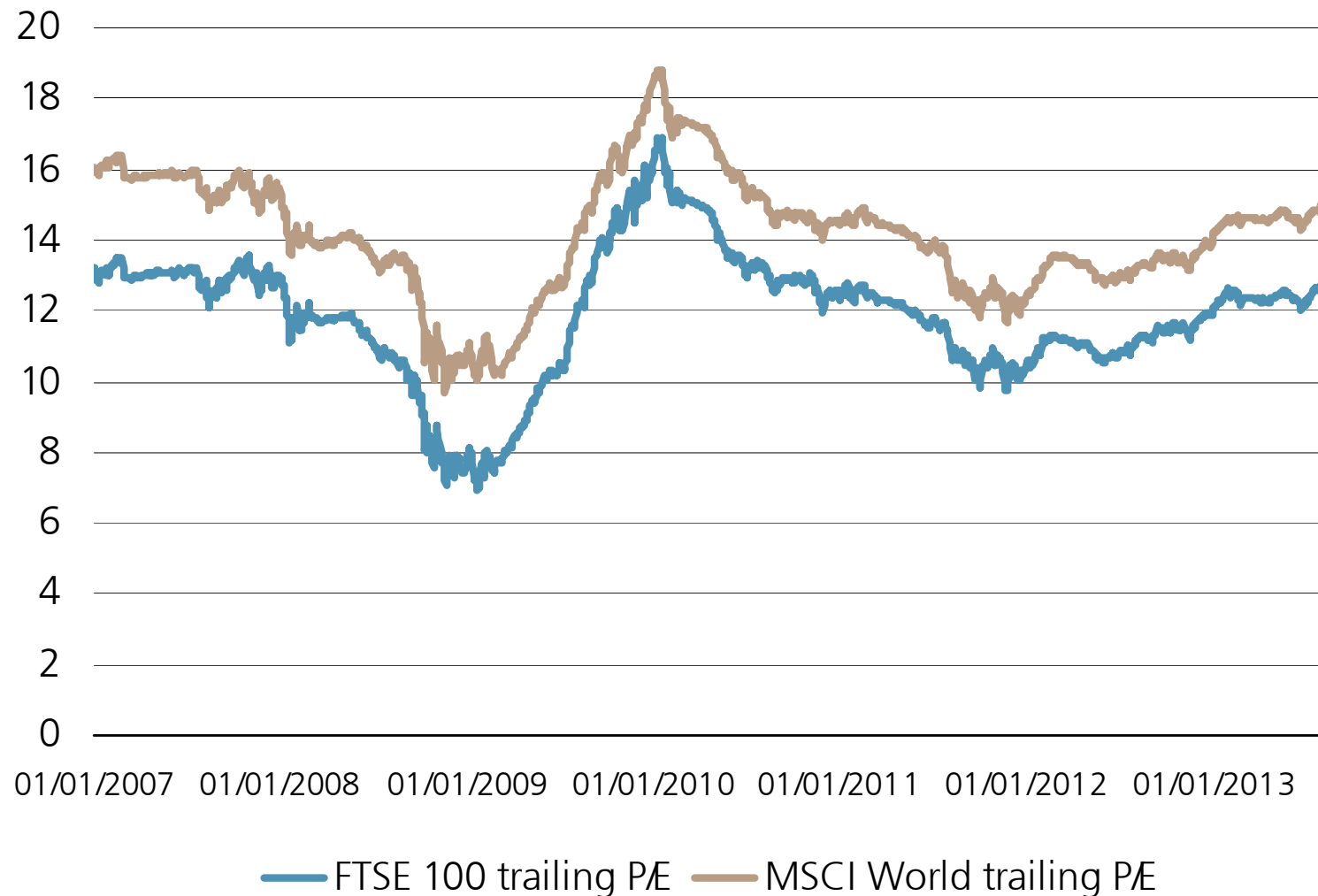
Source: Bloomberg, UBS, as of 25 October 2013

Section 3

In detail: economic and asset class outlook

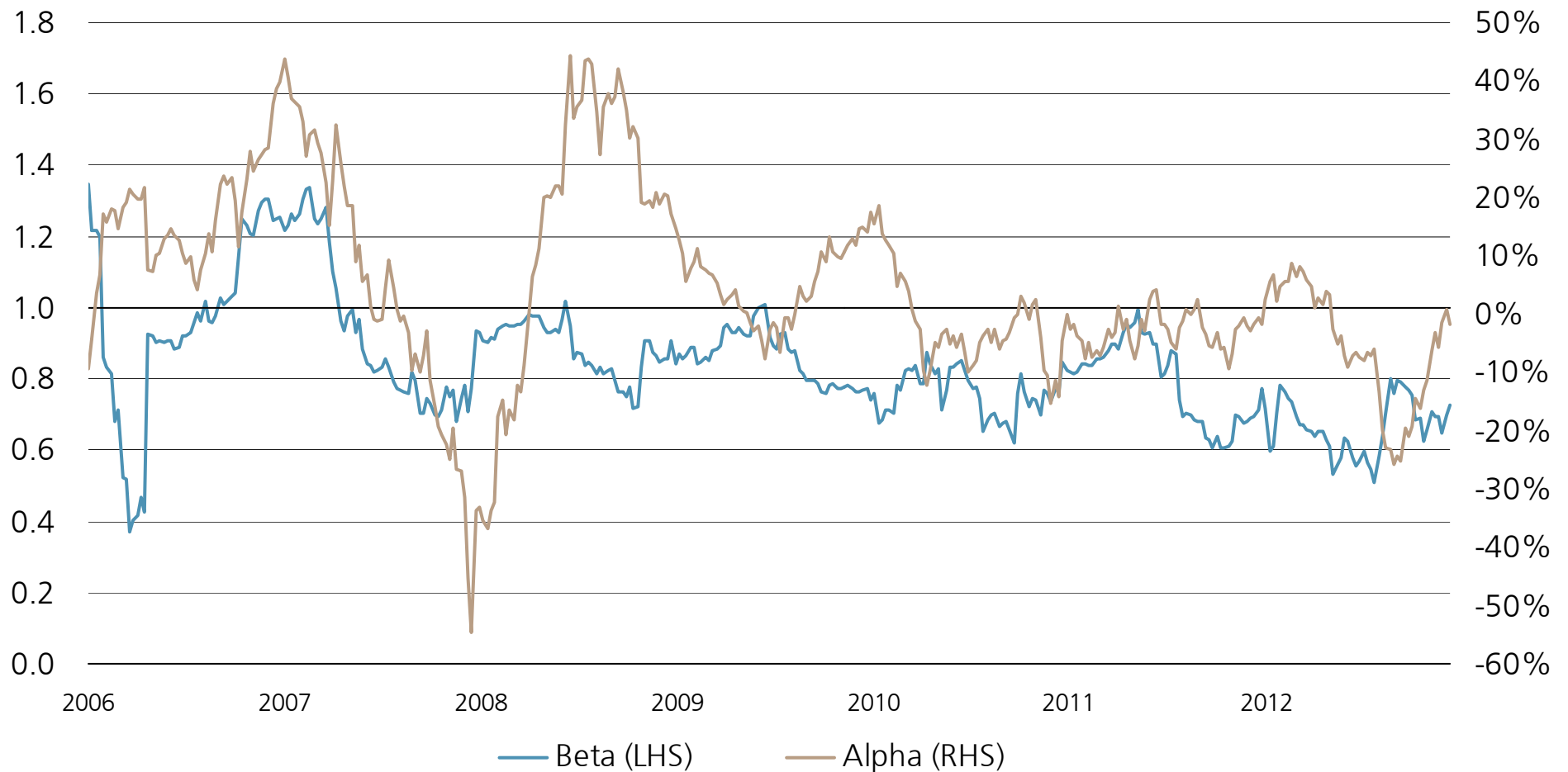
Non-US developed equities

UK market trades at a P/E discount, based on realized earnings



Emerging market equities starting to return to form

Rolling Beta (lhs) and Alpha (rhs) of MSCI EM to MSCI World Index

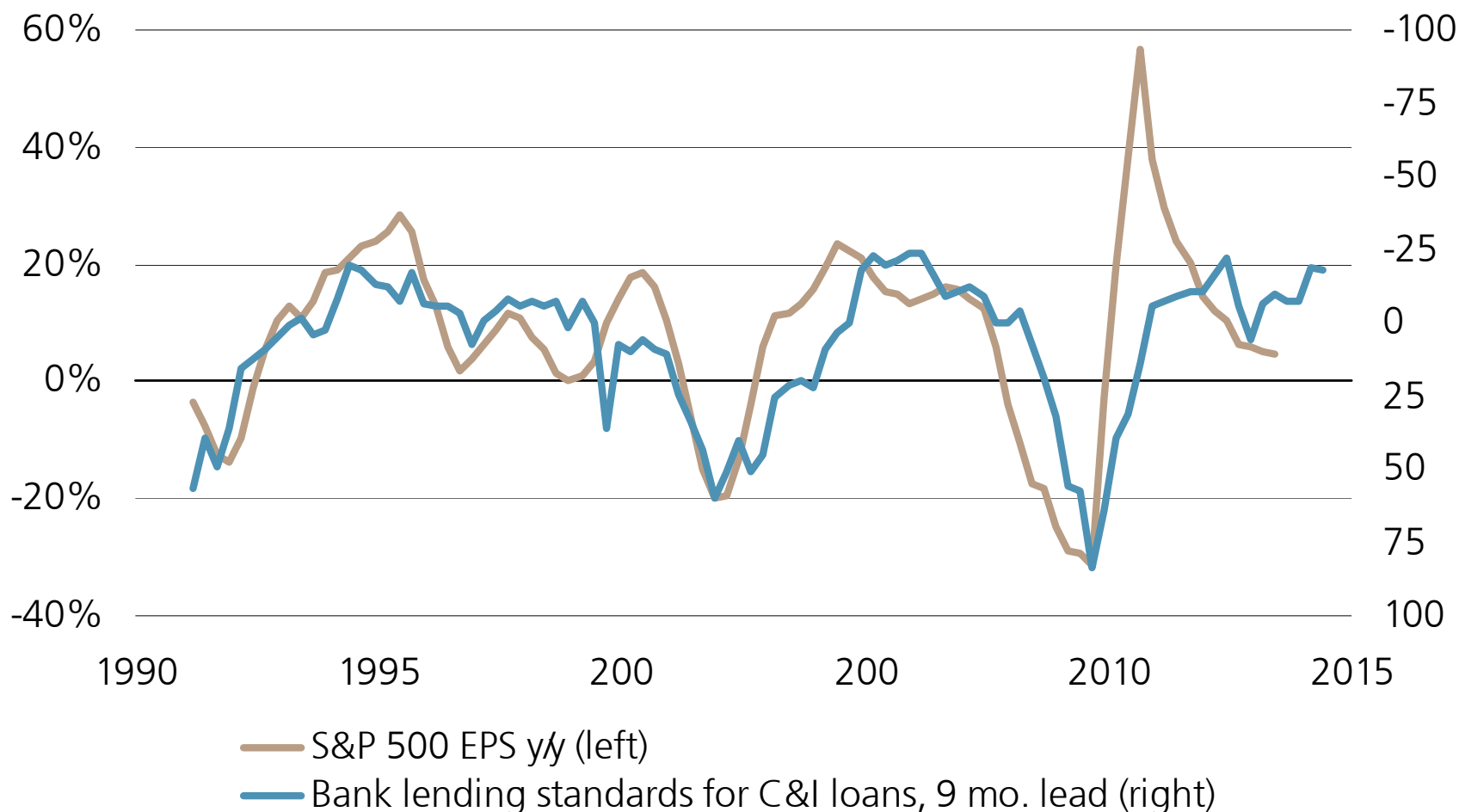


Source: Bloomberg, UBS, as of 18 October 2013

US equities +

Trimming our overweight to US Equities, but still bullish

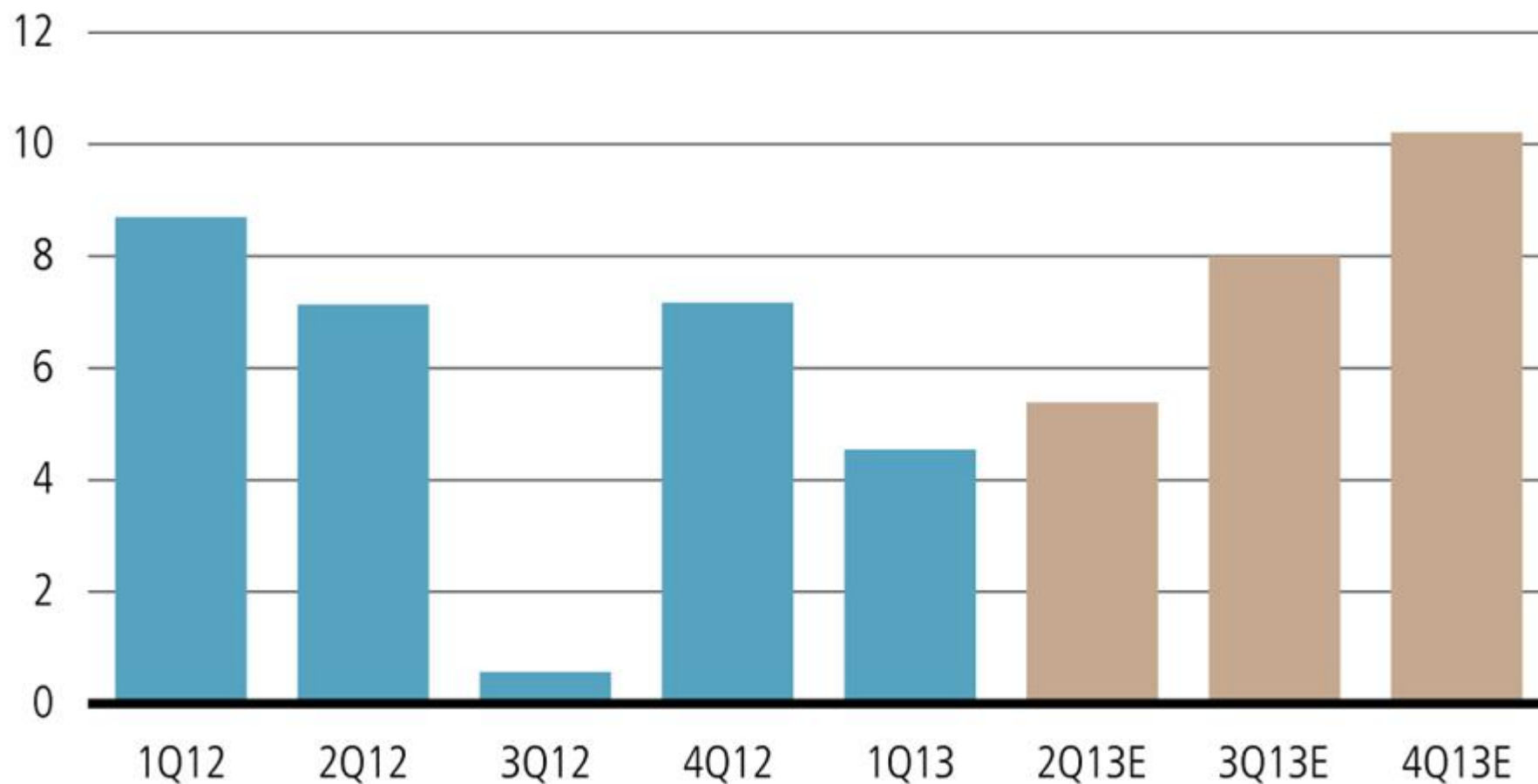
S&P 500 EPS (trailing 12m, y/y) and percentage of banks tightening bank lending standards for commercial and industrial loans



US equities +

Earnings growth to accelerate modestly

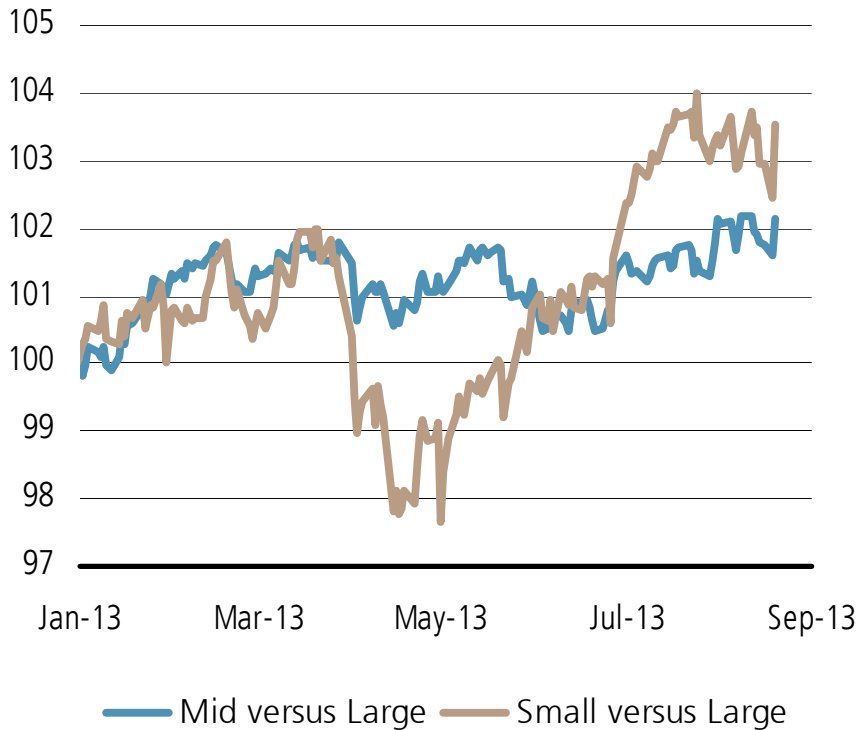
S&P 500 year over year EPS growth; UBS CIO WMR ests in tan



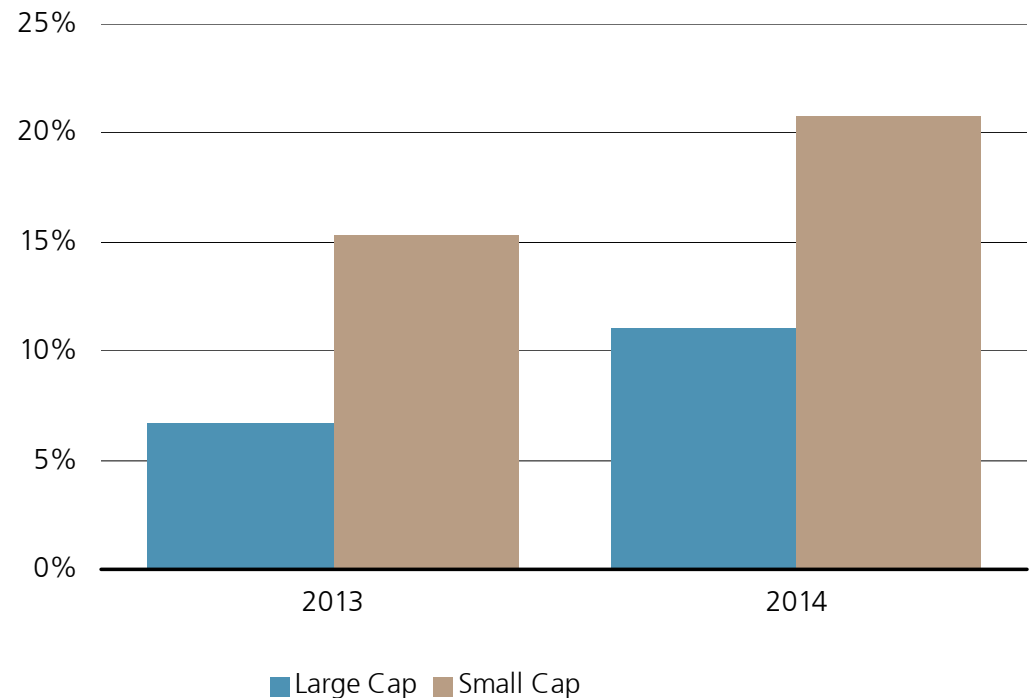
US equities +

Trimming but maintaining our small- and mid-cap overweight

Booking some profits on small- and mid-cap outperformance year to date

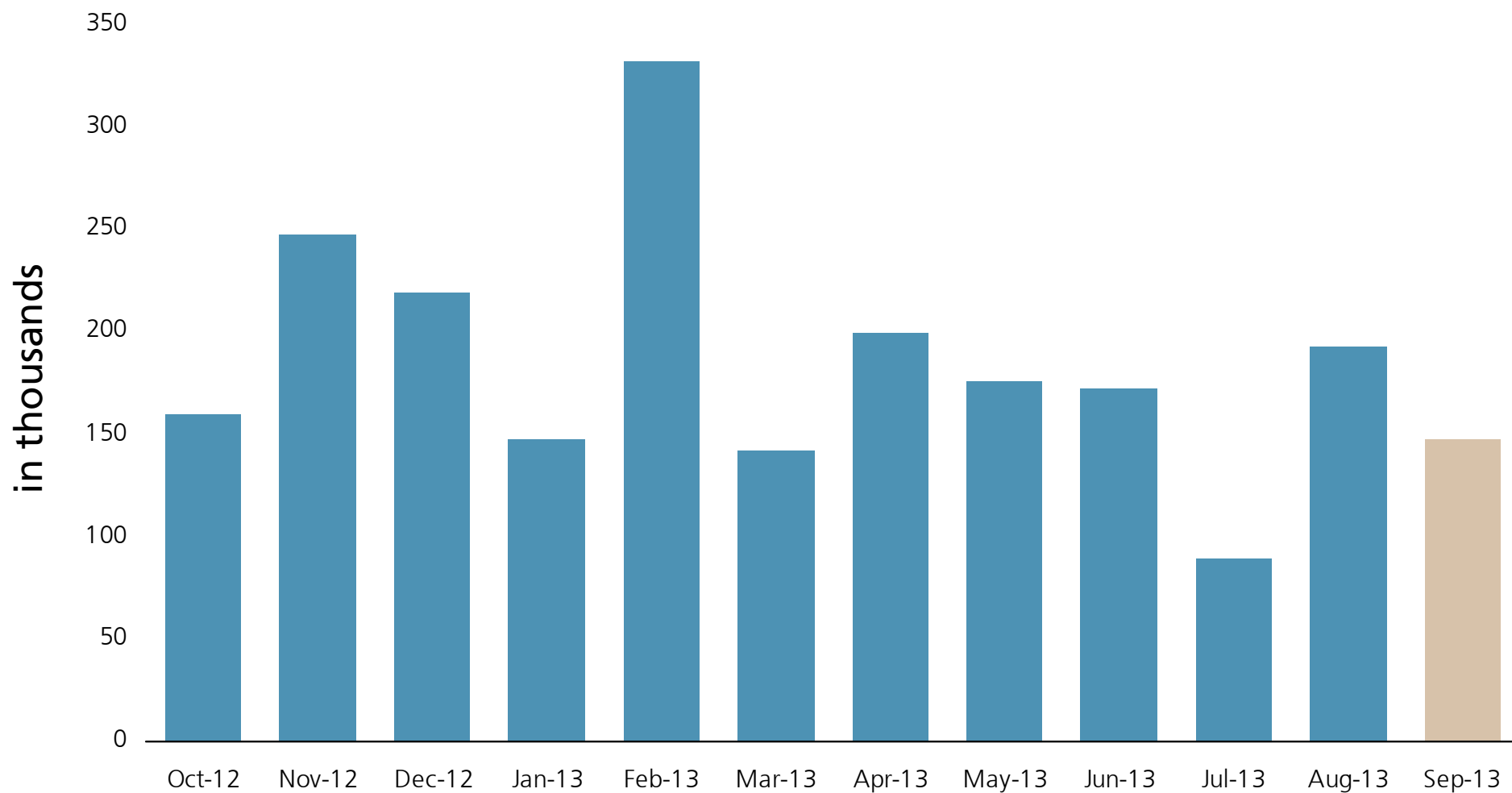


Faster earnings growth continues to favor smaller size segments



US - shutdown and tapering deferred

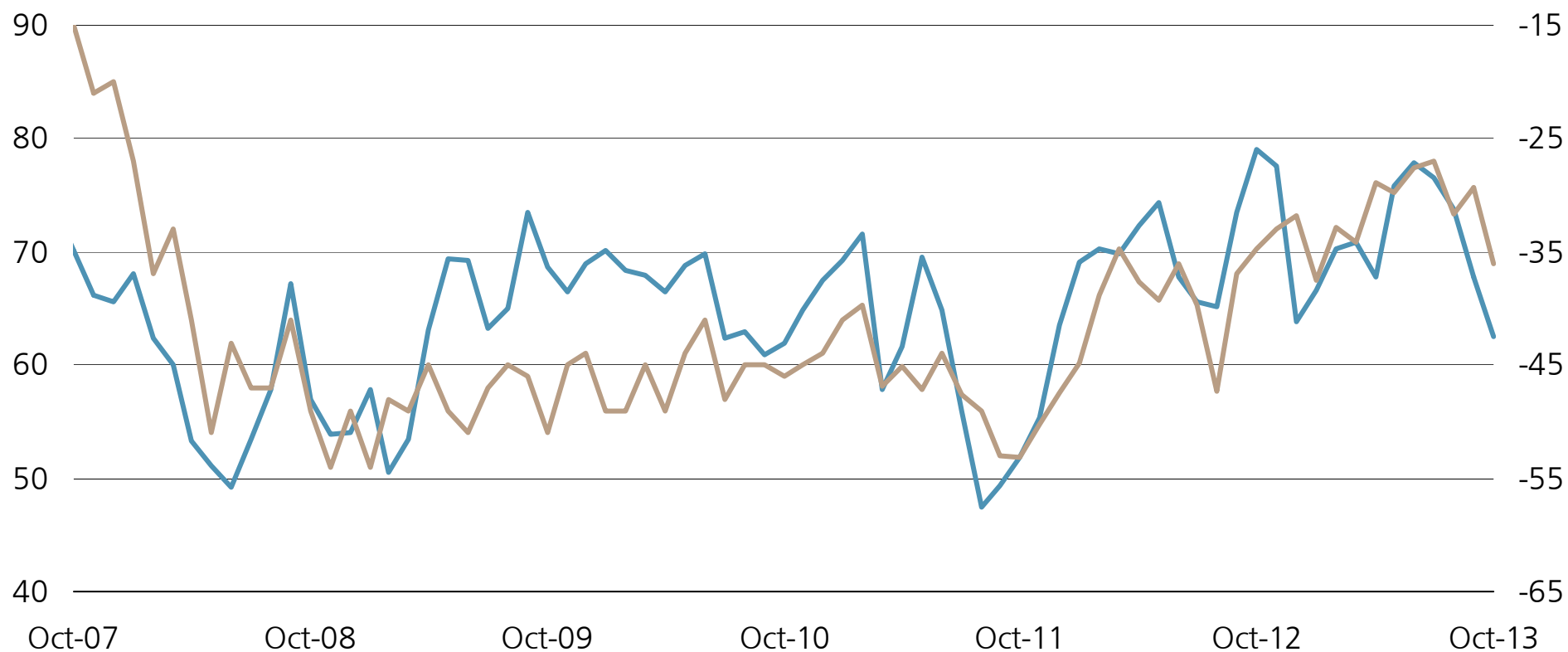
Non-farm payrolls (monthly change, k)



Source: Bloomberg

US – Consumer sentiment sours due to shutdown

Two measures of consumer confidence, index levels



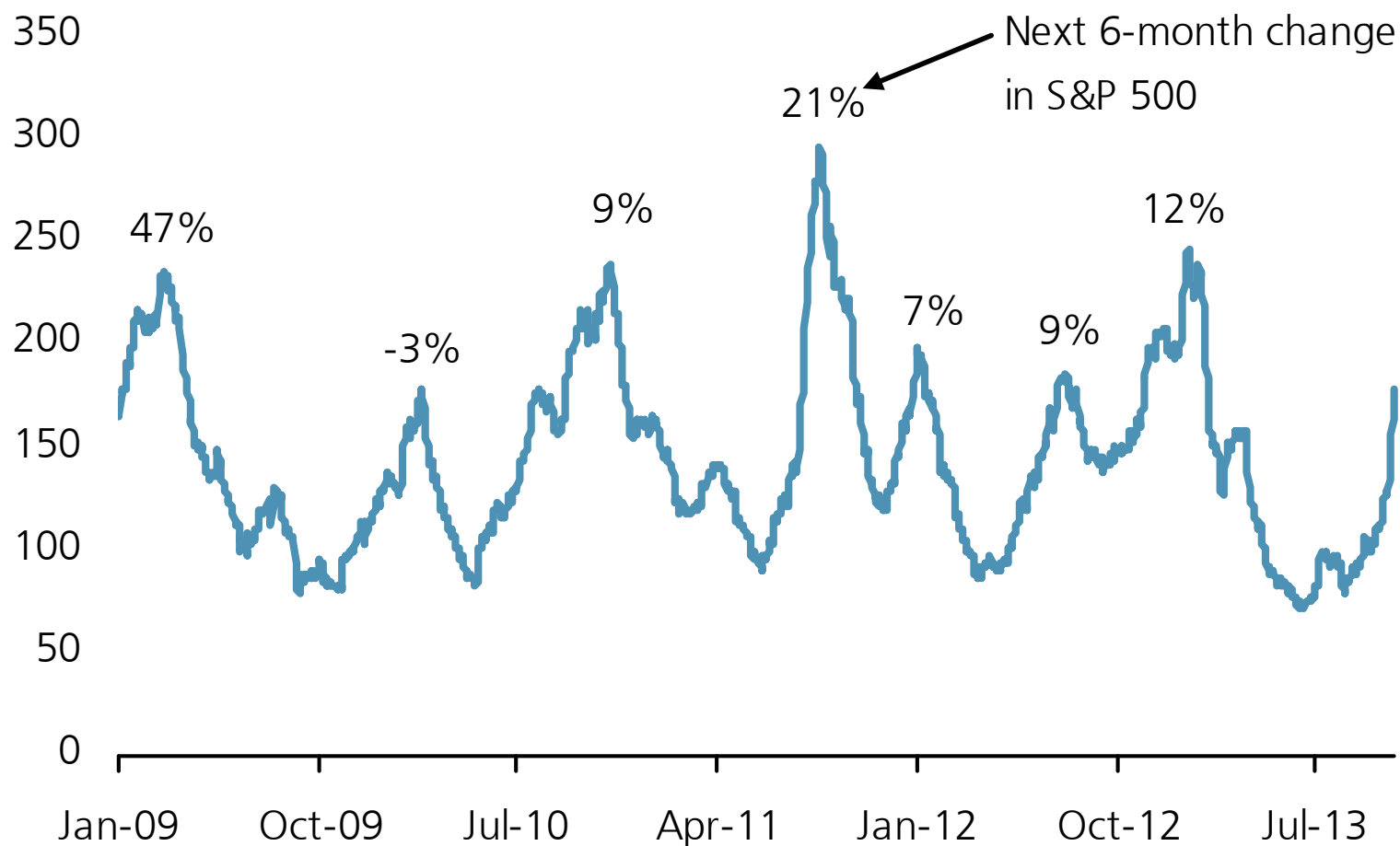
— University of Michigan consumer expectations index (left)

— Bloomberg consumer comfort index (right)

Source: Bloomberg, UBS, as of 25 October 2013

Policy uncertainty peaks typically followed by equity rallies

Daily "policy uncertainty" index & subsequent 6-month S&P 500 returns

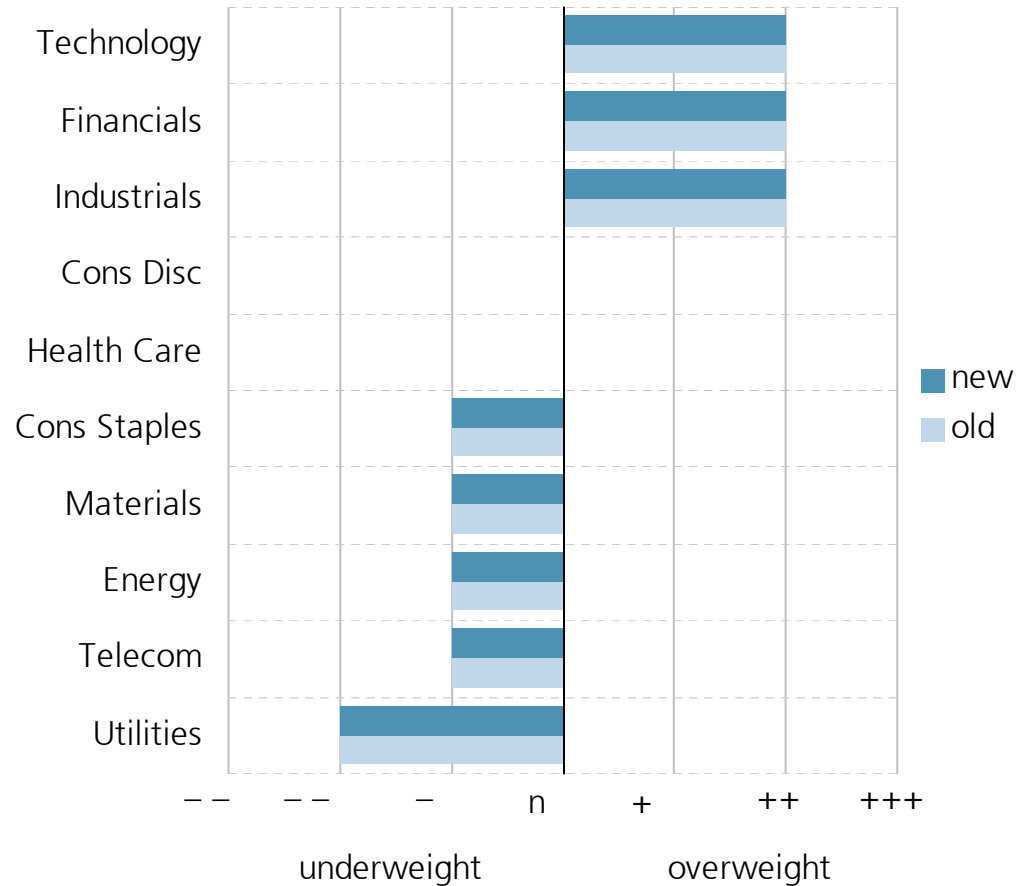


Source: Scott Baker, Nicholas Bloom and Steven J. Davis at www.policyuncertainty.com, as of 18 October 2013.

US equities +

Maintain pro-cyclical stance in our equity sector allocation

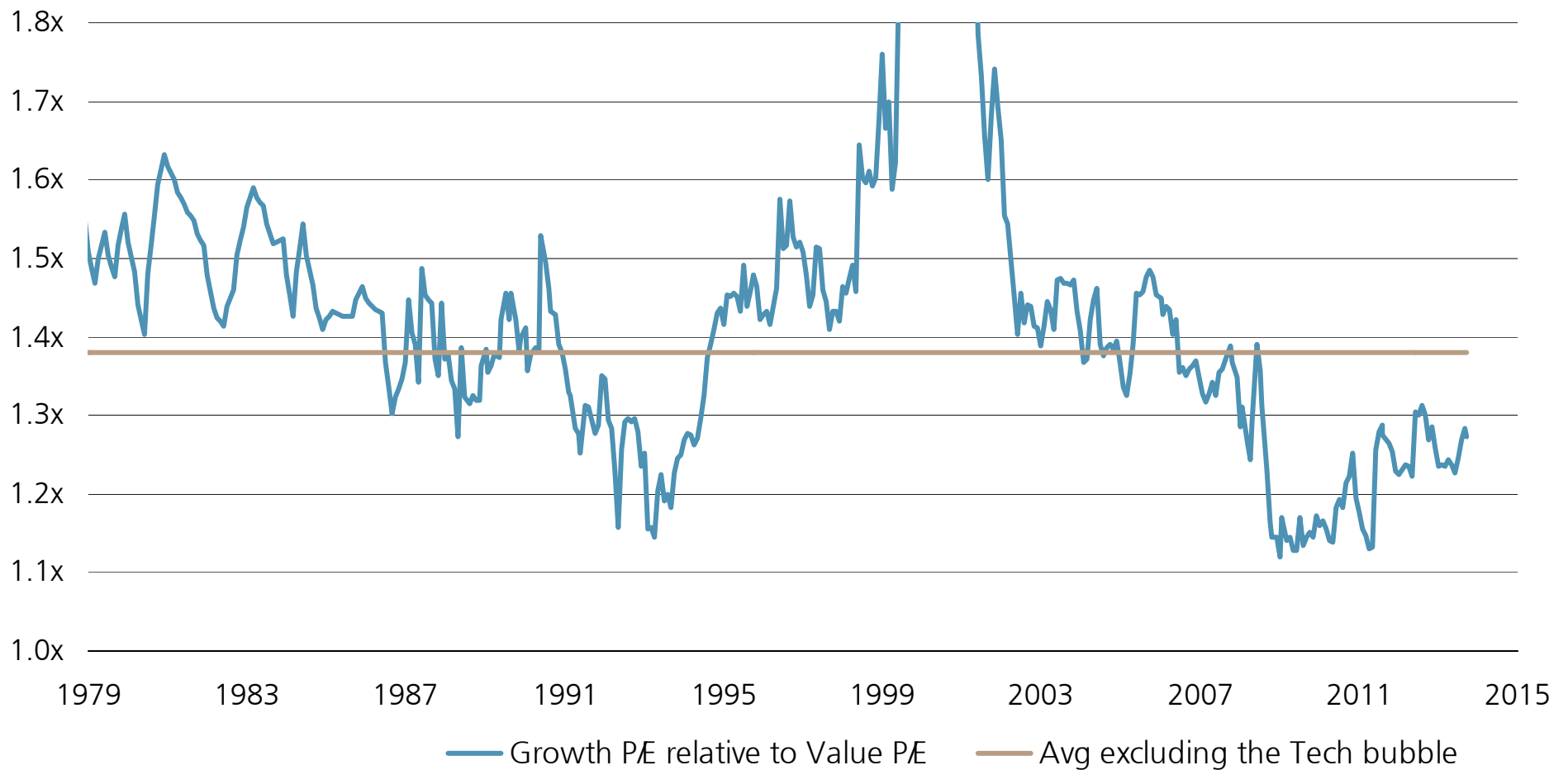
Current sector allocation



Source: UBS CIO WMR, as of 25 October 2013.

US equities +

Favorable valuations support our preference for Growth over Value

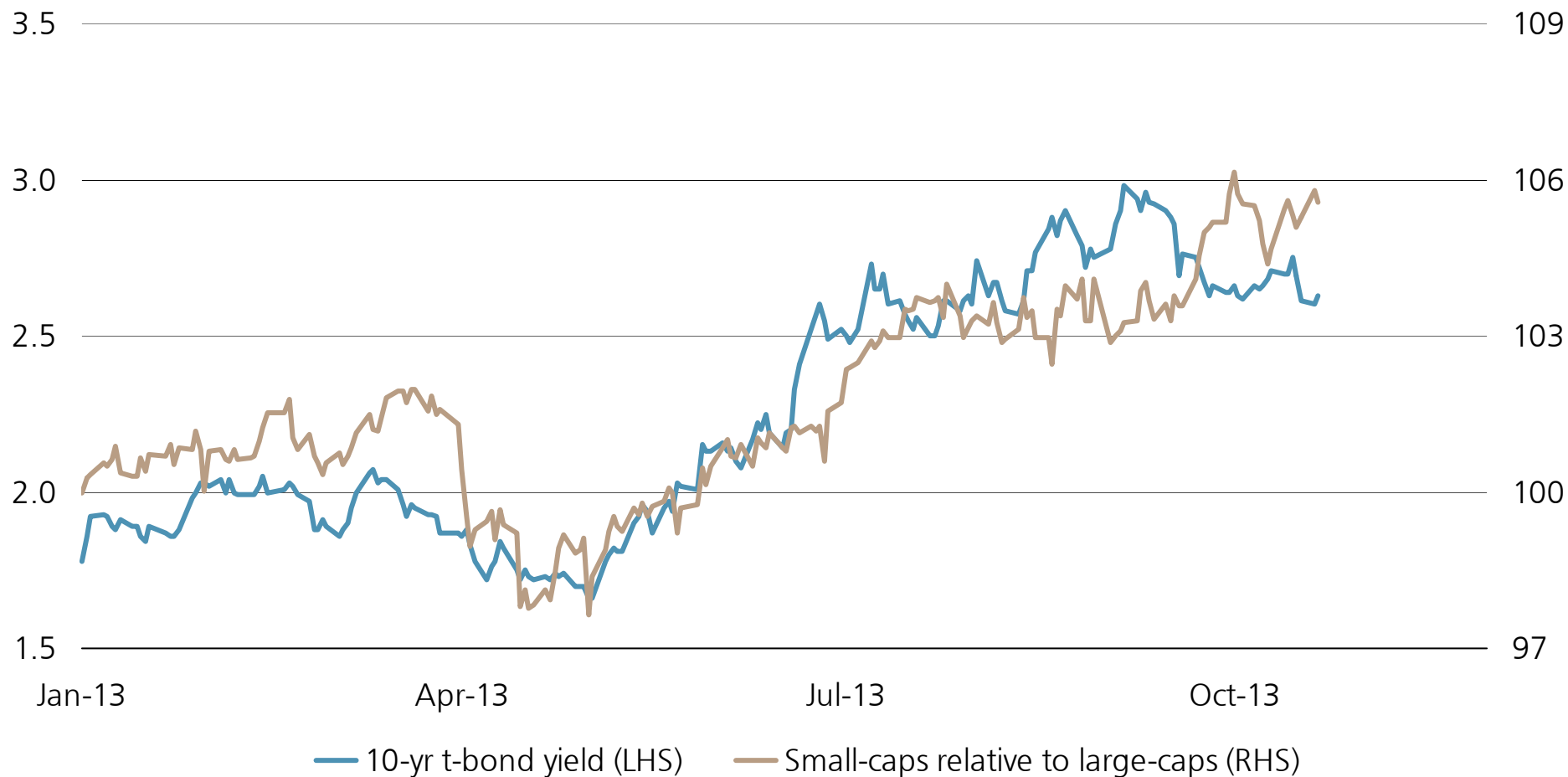


Source: Bloomberg and UBS CIO WMR as of October 2013.

US equities +

Small- and mid-caps should benefit from higher interest rates

Small-caps versus large-caps and the 10-year t-bond yield

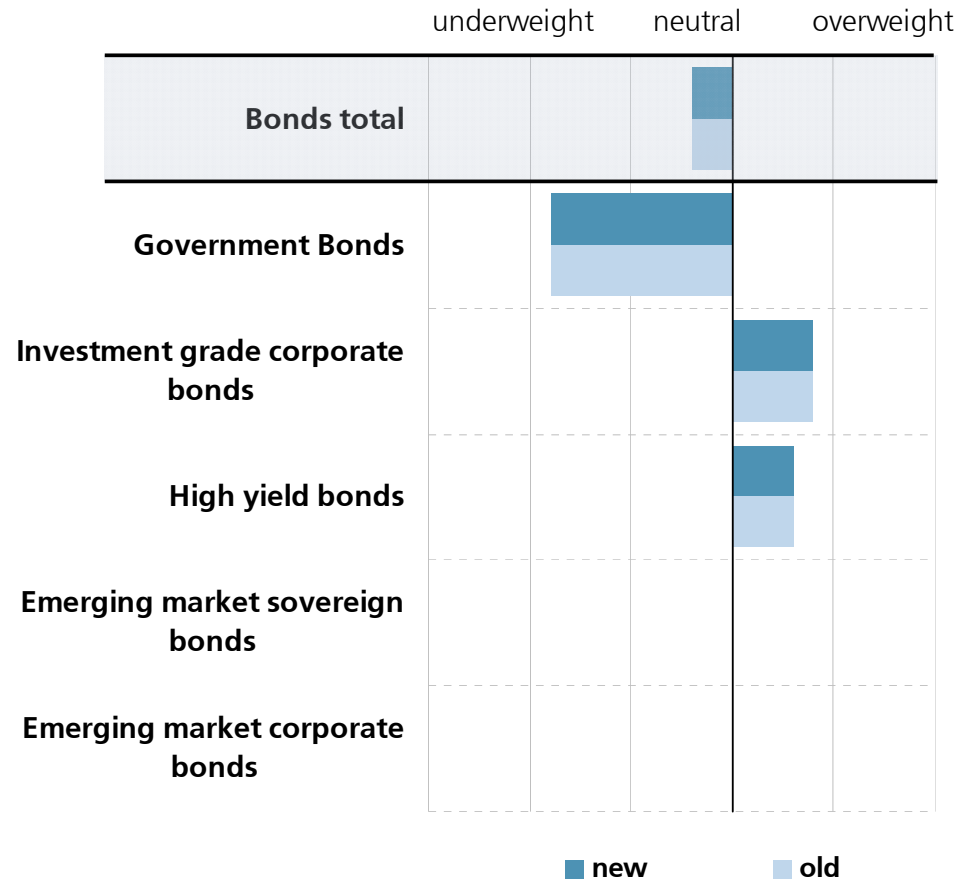


Source: Bloomberg and UBS CIO WMR as of October 2013.

Fixed Income ➔

Preference of investment grade and high yield over government bonds

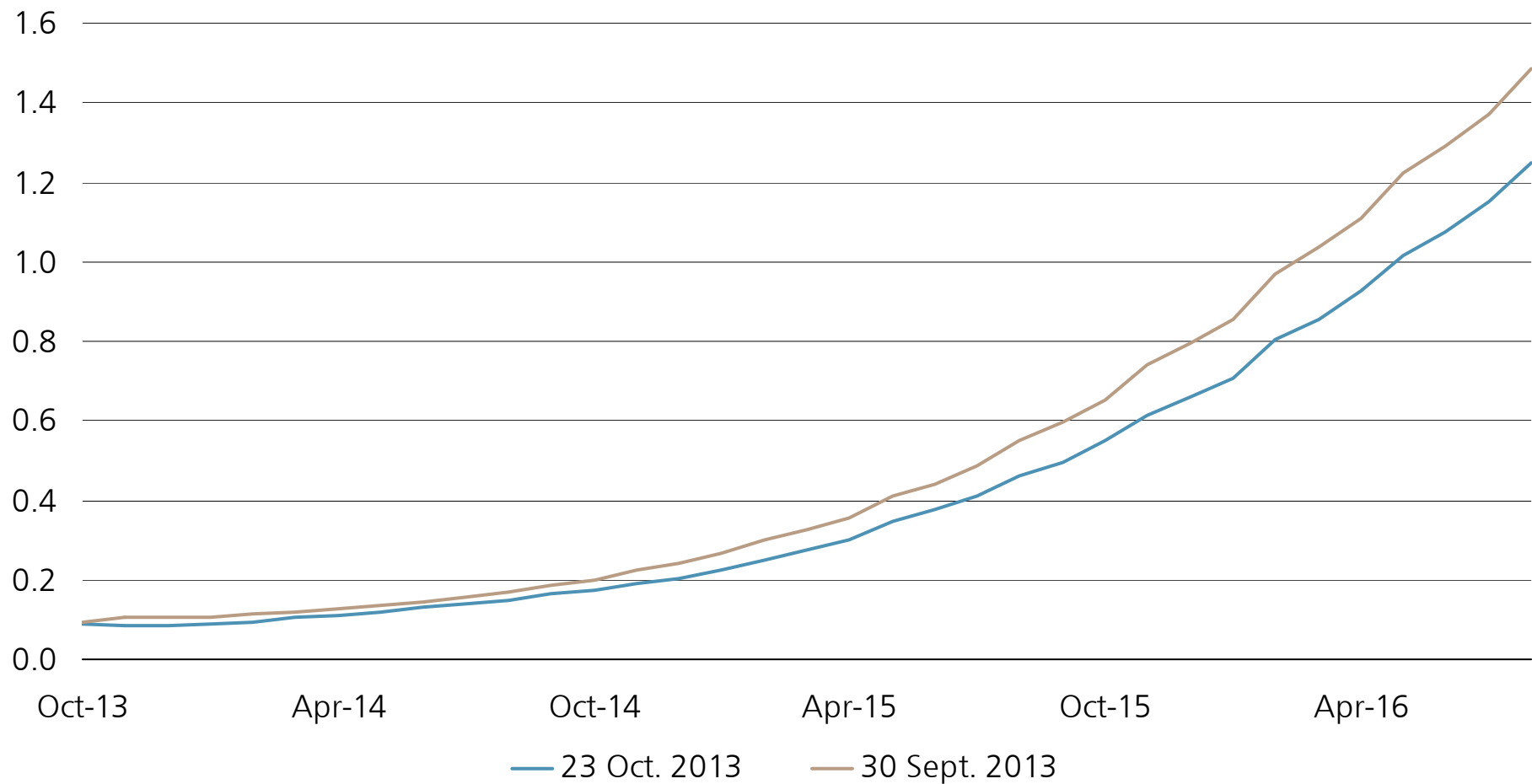
Preferences (six months)



Source: UBS CIO WM Global Investment Office

Fed funds futures expecting later fed taper

30-day fed funds futures, in %

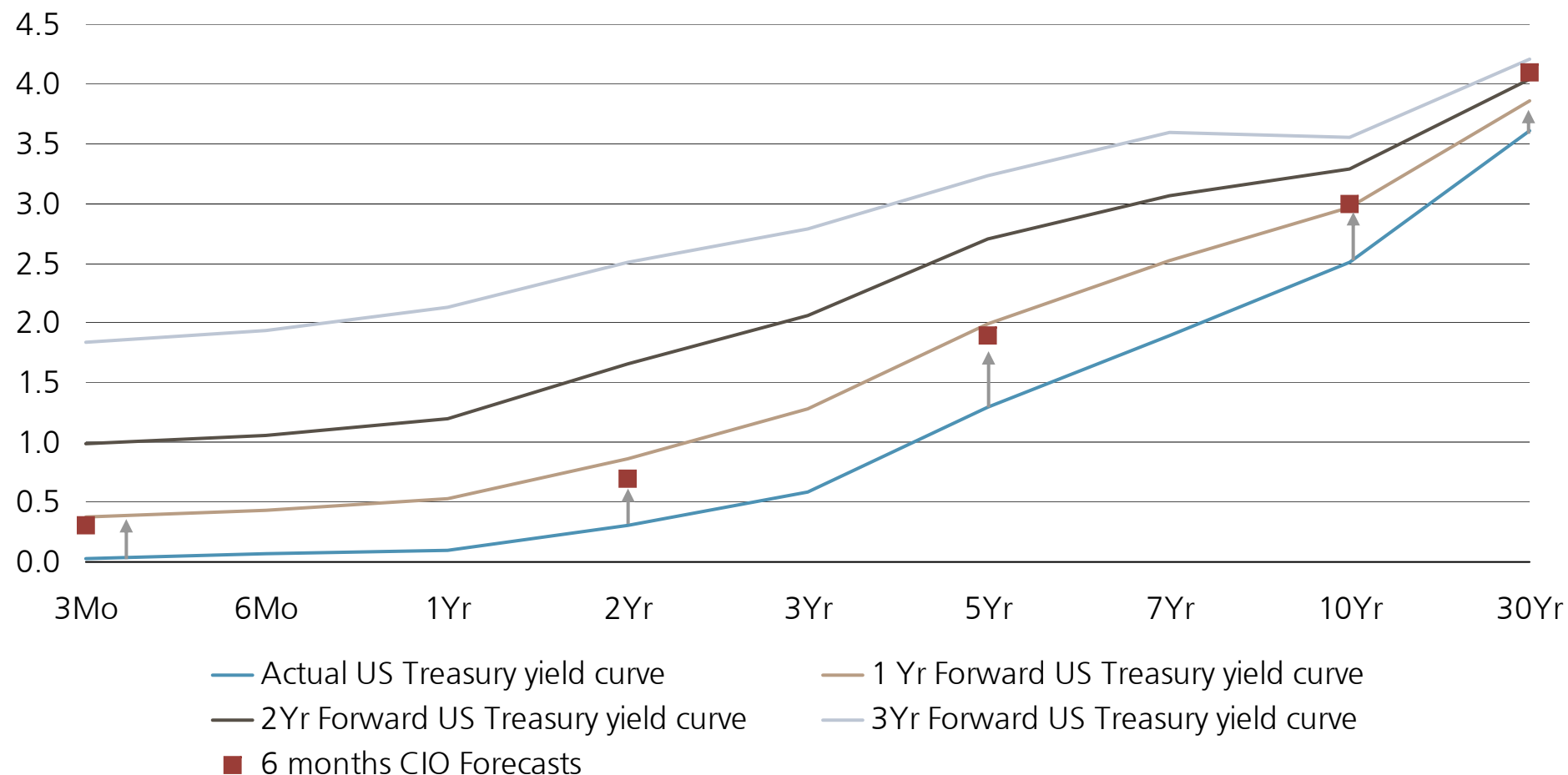


Source: Bloomberg, UBS CIO WMR, as of 23 Oct. 2013

However, we still forecast higher Treasury yields -

Despite the rally, our we maintain our outlook for higher yields

US 10-year yields and forecasts, in %

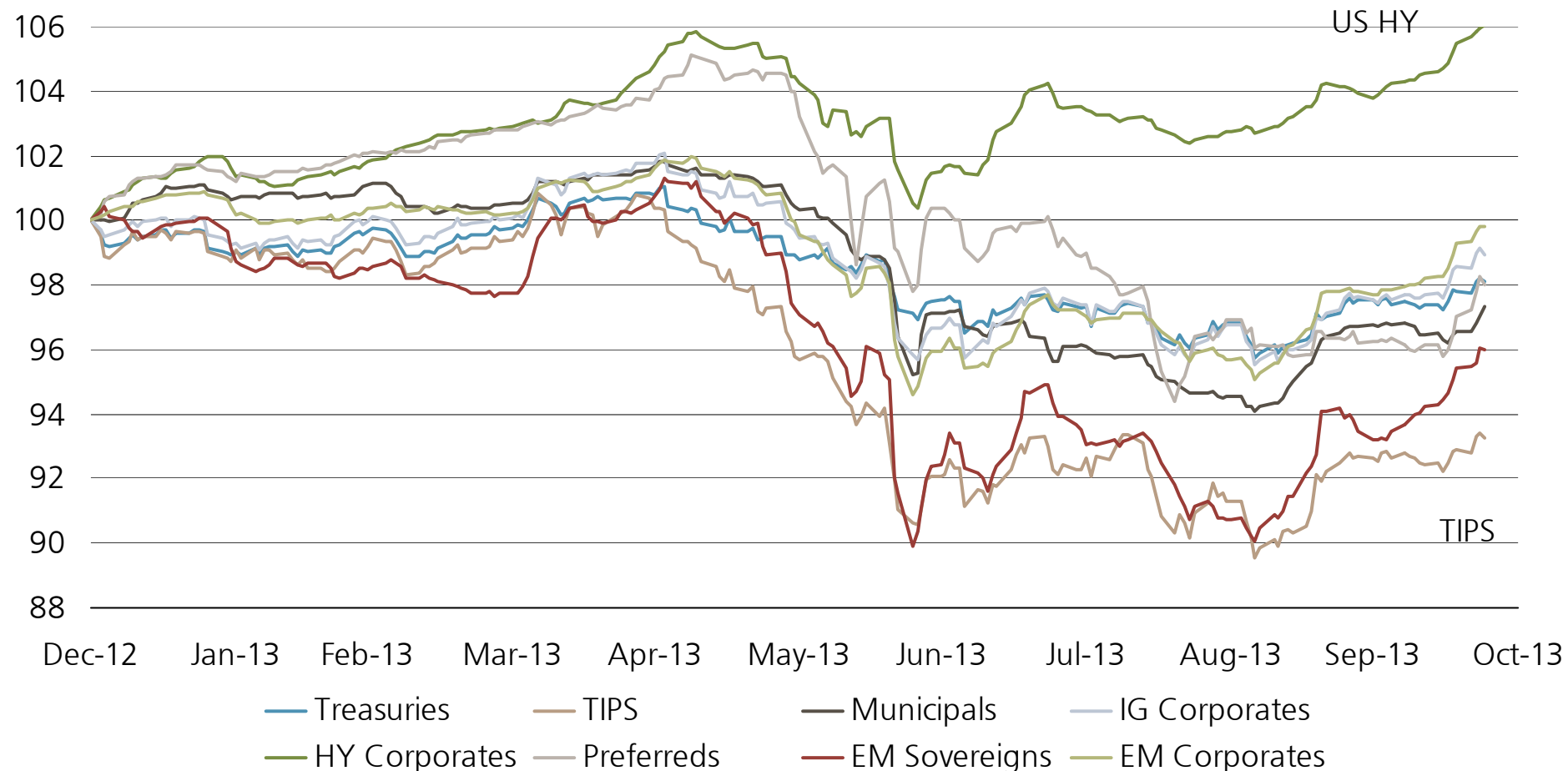


Source: Bloomberg, UBS; as of 23 October 2013

All fixed income segments benefitting from the rate rally

The 18-Sept. FOMC meeting and 17-Oct. debt deal caused rates to decline

Cumulative Total Return, in USD, index 31 Dec. 2013 = 100



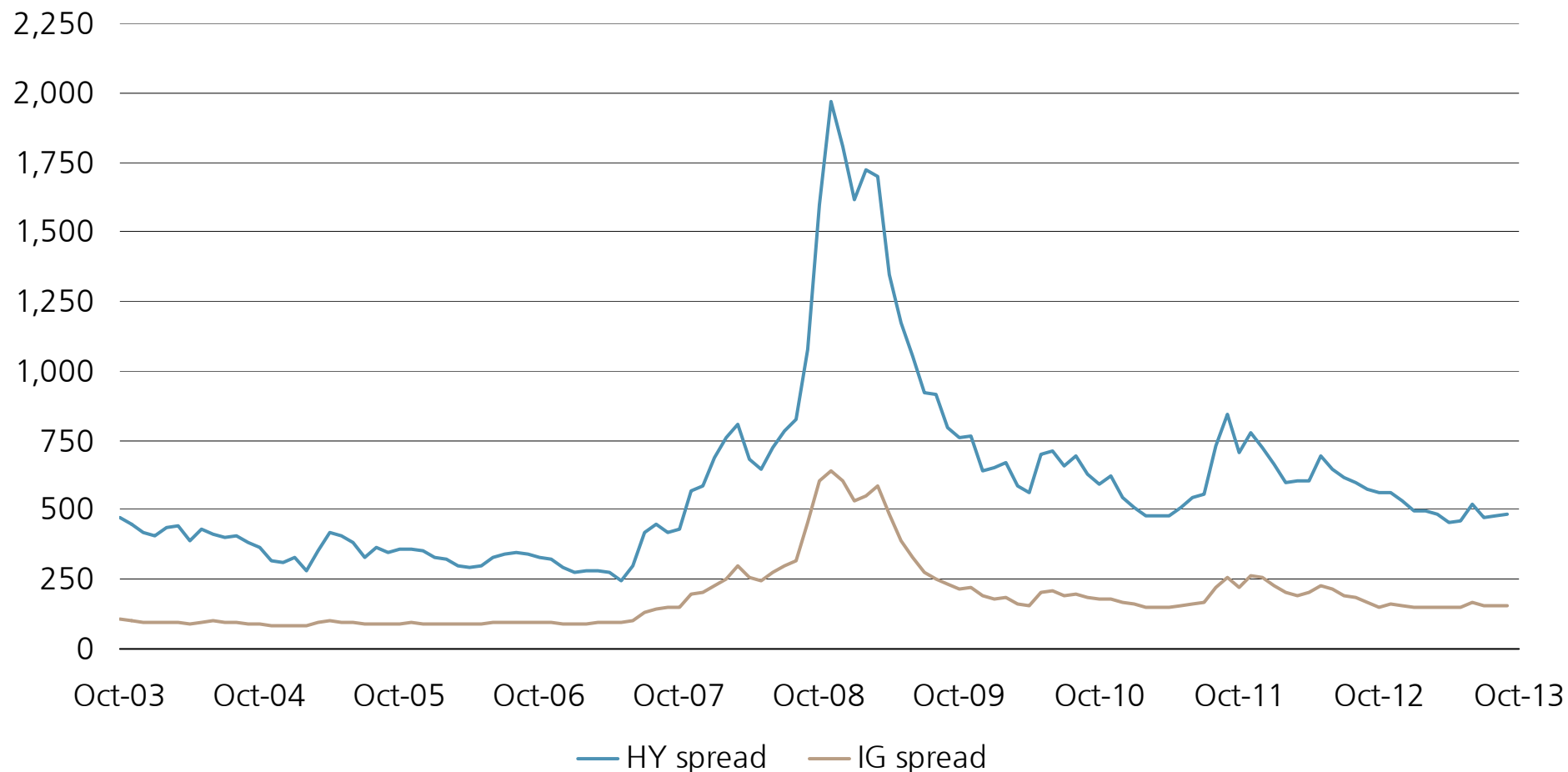
Source: Bloomberg, UBS CIO WMR, as of 23 October 2013.



Remain positive on IG and HY credit +

Spreads have recovered but remain wide of pre-crisis averages

Spreads of IG and HY bonds over US Treasuries, in bps

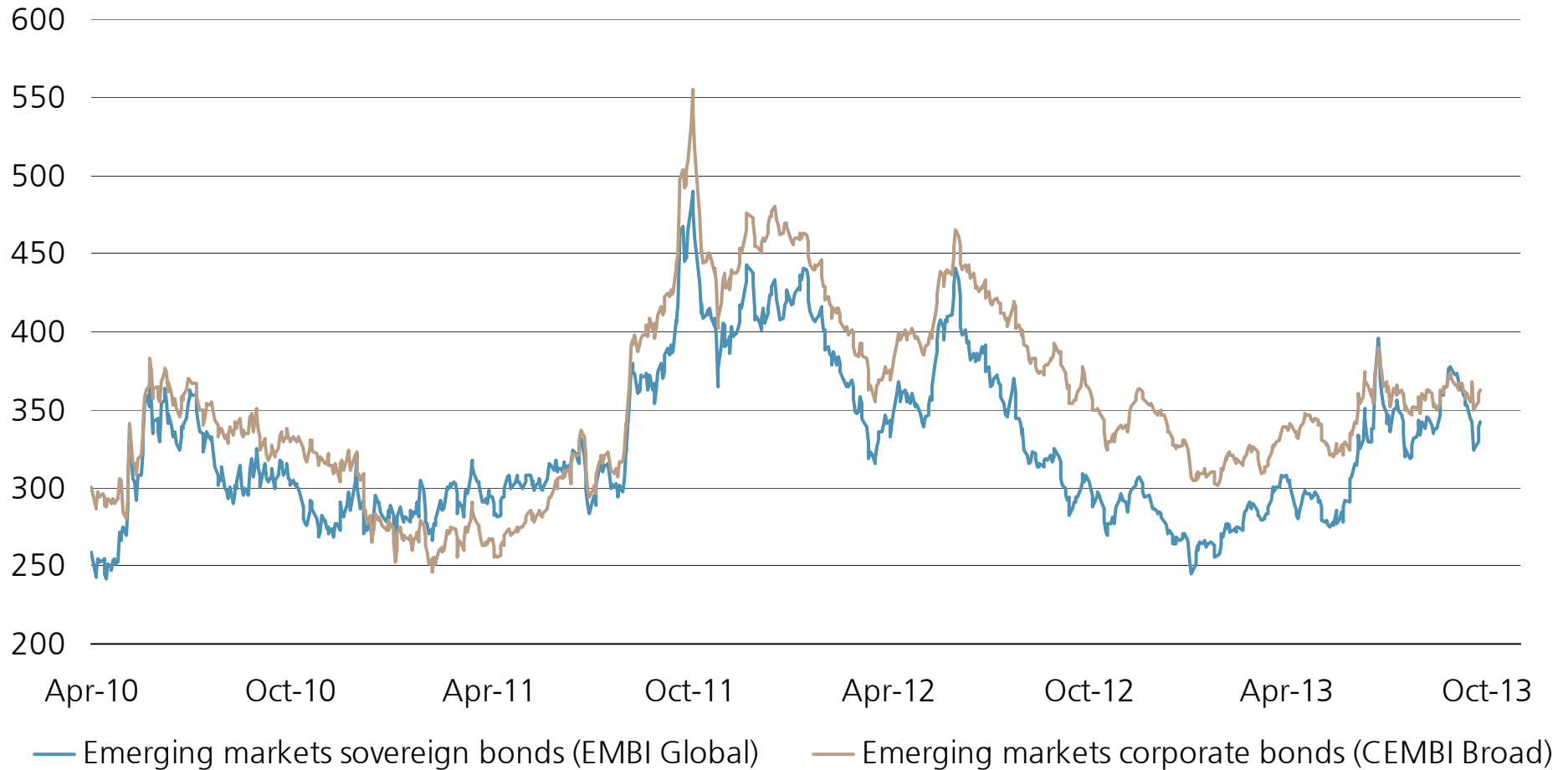


Source: BofAML, UBS CIO WMR, UBS; as of 23 October 2013

Neutral on emerging market bonds

Spreads of EM corporate bonds are above EM sovereigns

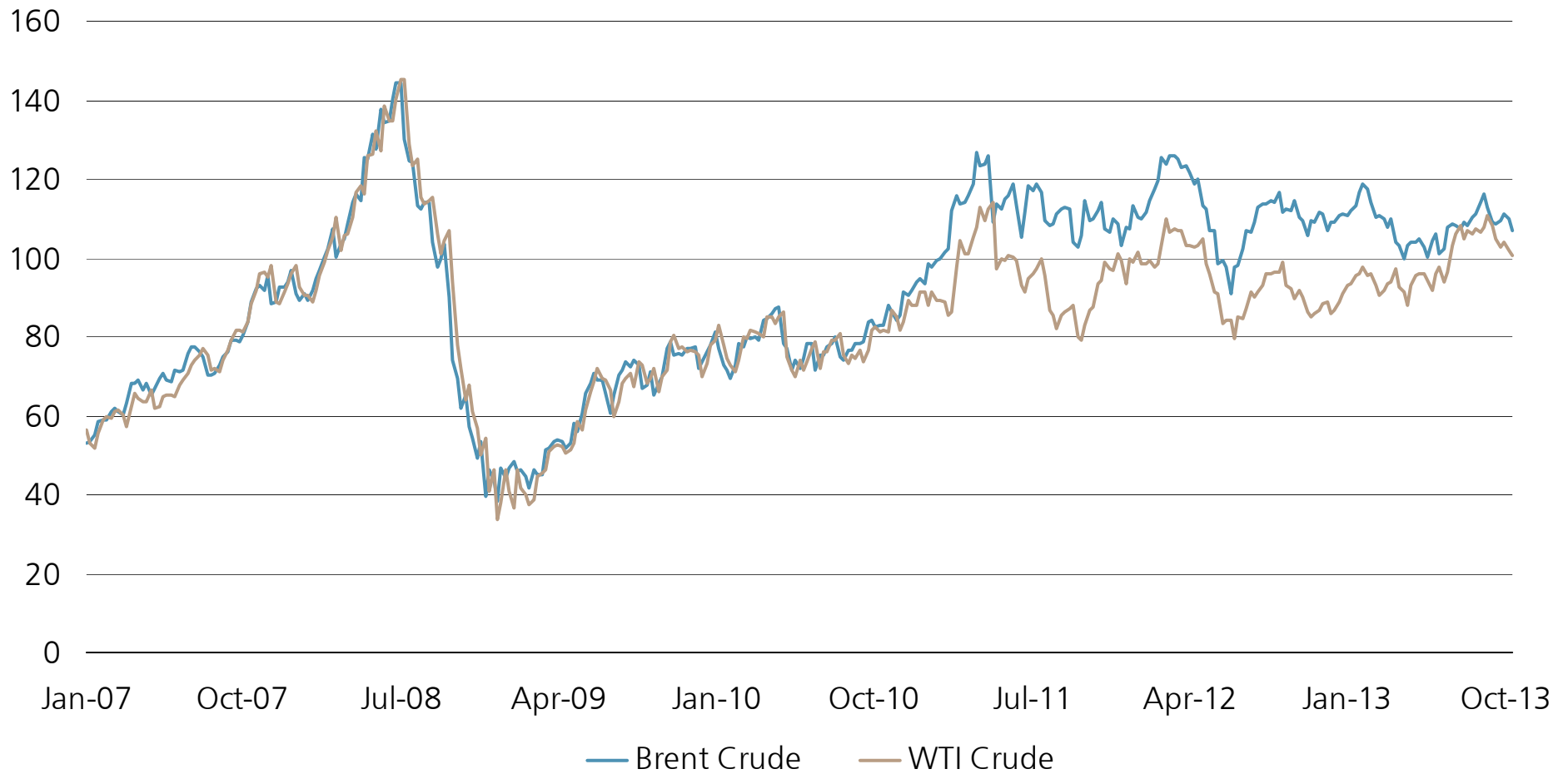
Spreads of EM bonds over US Treasuries, in bps



Source: JP Morgan, UBS; as of 23 Oct. 2013

Commodities

Spread between Brent & WTI Crude Oil widens again



Source, Bloomberg, UBS, as of 24 October 2013.

Global review & outlook

| | |
|--------------|--|
| Economy | <ul style="list-style-type: none">• US government shutdown and prospect of another budget fight has delayed our Fed taper call from December 2013 to March 2014 and adds some downside risk to our growth forecast• Spain joined the Eurozone recovery in 3Q13, a sign of a broader-based expansion.• Chinese data showed tentative improvement in sequential growth but we don't expect this to last in 4Q13 |
| Equities | <ul style="list-style-type: none">• Economic and earnings fundamentals remain solid and justify a continued positive stance on equities• Recommend an overall overweight allocation to equities, expressed by overweight in US, Japan, and Eurozone• Economic recovery in Europe should support the more cyclical Eurozone relative to its more defensive Swiss and British peers |
| Fixed income | <ul style="list-style-type: none">• Data uncertainties after prolonged US government shutdown and an anticipated delay in Fed tapering have resulted in lower short- and long-term Treasury yields• Loss in economic momentum is likely only temporary and expect benchmark yields to resume their upward trend over the next three to six months• Continue to favor investment grade and high yield bonds• On a tax-equivalent basis, tax exempt municipals offer noteworthy value |
| Commodities | <ul style="list-style-type: none">• Macroeconomic backdrop has turned more price supportive for commodities• Leading indicators are improving and hard data suggests global economy is gaining pace• However, bottom-up perspective for commodities is considerably less rosy, given ample supply at hand• Cautious stance is still advised as short-term price advances are unlikely to be sustainable |
| FX | <ul style="list-style-type: none">• Major currency pairs traded within established ranges despite dramatic headlines about a potential US default on Treasuries and a government shutdown• Renewed focus on Fed's taper, now expected in March, weighed on US dollar• So long as Fed taper is delayed, the dollar will remain on the weak side of EURUSD 1.30-1.38 |

SECTION 1

The Arbor Group at UBS

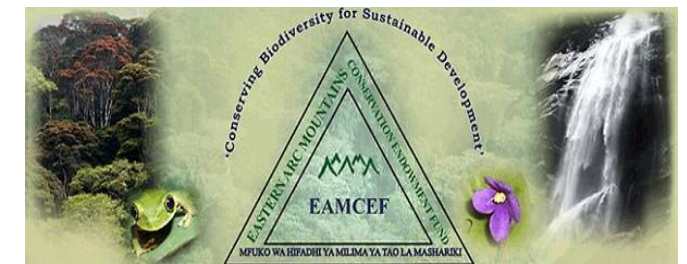
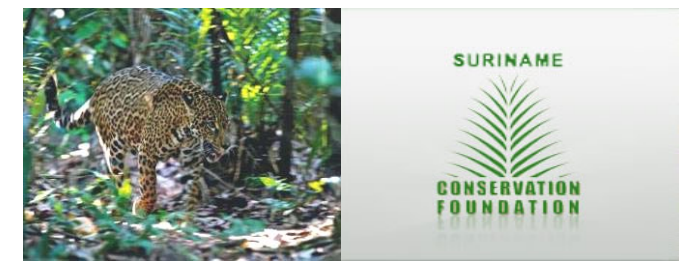


The Arbor Group's Commitment to Conservation

Our non-profit clients stand for great causes...so do we

The Arbor Group is proud to be one of the world's leaders in investment consulting for conservation trust funds, with clients in North America, Africa, South America, and the Caribbean.

Our clients include endowments for mountain gorillas residing in Ugandan parks, forest elephants in the mountains of Tanzania, jaguars in the cedar forests of Malawi, sea turtles in the Dutch Caribbean and giant river otters in the rainforests of Suriname.



The Arbor Group



- 31** Years in financial industry
- 45** Years playing classical guitar
- 1** Lifelong passion for conservation

John is Director of the Arbor Group. He is a Certified Financial Planner, Certified Investment Management Analyst, and has a master's degree in Management and a Master's Degree in Financial Services. Prior to the financial field John was a concert classical guitarist.

John and his wife Andrea have three children and live on Bainbridge Island. He is an avid mountaineer and amateur wildlife photographer.

Team Role

Senior Portfolio Manager – Equities
Institutional Consulting
Director

Contact Information

John S. Adams, CIMA, CFP
john.s.adams@ubs.com
206-628-8554



- 26** Overseas trips
- 3** Languages spoken fluently
- 2** Sons in college, multiple checks written

Carlos was born in Guayaquil, Ecuador and moved to Brooklyn, NY when he was six years old. He attended Stuyvesant High School, Duke University (cum laude degree in Engineering) and Harvard Business School, where he earned his MBA in 1983.

Carlos enjoys international travel, skiing and modern art. He is active with and has been President of the MIT Enterprise Forum of the Northwest.

Team Role

Senior Portfolio Manager – Equities
International Trust Fund consulting

Contact Information

Carlos Obando
carlos.obando@ubs.com
206-447-2407



- 20** Years in financial industry
- 6** Trips to Seattle Mariners spring training
- 1** Epic kayak adventure in Mexico

Patrick worked at Morgan Stanley and at Washington Mutual as a member of the Capital Markets Group prior to UBS. Patrick is a Senior Portfolio Manager, Chartered Financial Analyst (CFA) charter holder, Certified Financial Planner and obtained his MBA from Seattle University in 2007.

Patrick has two children. He enjoys the Seattle Mariners, the Tacoma Rainiers, sea-kayaking and golfing.

Team Role

Senior Portfolio Manager – Fixed Income
Business owner transition planning

Contact Information

Patrick T. Drum, CFA, CFP
patrick.drum@ubs.com
206-447-2450



The Arbor Group



- 13 Years in financial industry
- 4 Years teaching English in Japan
- 1 Cat that is now husband's best friend

Deena is a Registered Paraplanner, Senior Registered Client Service Associate, and Chartered Retirement Planning Counselor. She provides administrative support and client service. After graduating from Seattle University she traveled throughout Asia and began her career teaching English as a Second Language in Japan and then returned to teach high school in the Seattle area.

In her spare time, Deena enjoys Japanese gardening, her book club, playing the violin and traveling with her husband.

Team Role

Administrative assistance

Contact Information

Deena Fuller, CRPC
deena.fuller@ubs.com
206-447-2418



- 15 Countries visited
- 6 Years in financial industry
- 1 Lifelong passion for animal rescue

Krystle brings over 6 years experience in the accounting/finance industry to our team. She holds a Bachelor of Science degree from the University of Portland and then went on to obtain a Post-Baccalaureate Accounting Certificate from Portland State University. Krystle started her career in public accounting at KPMG LLP before transitioning into financial services. She is a native of Portland, Oregon and relocated to Seattle two years ago. She provides team administration and a high level of client service. In her spare time, she enjoys spending time with her husband and two bulldogs, hiking, ballroom dancing and just being outdoors in the beautiful Pacific Northwest.

Team Role

Team administrator

Contact Information

Krystle McEntire
Krystle.mcentire@ubs.com
206-689-3134



- 100 Thousand miles on a bicycle
- 16 Solar panels on home
- 1 Bike shop owned

Tom is a Senior Registered Client Service Associate. He provides administrative support and client service for our team and has over 10 years of experience in the financial service industry.

After graduating from California State University, San Bernardino he was a Peace Corps volunteer in Niger, West Africa. Prior to working in finance, he was in the bicycling industry. In his spare time, he enjoys bicycling, painting and spending time with his wife and family.

Team Role

Administrative assistance

Contact Information

Tom Aguirre
tom.aguirre@ubs.com
206-287-8799



The Arbor Group



- 22** Countries visited and counting
- 16** Years in financial industry
- 1** Lifelong love for animals

Stephanie is a Financial Advisor, Certified Financial Planner and holds a Wealth Management Certification. She has extensive background in wealth management services that includes corporate asset management, high net-worth planning, business retirement programs, charitable giving, and employee stock options.

Stephanie earned a B.A. in political science from Washington State University and has completed postgraduate work in finance at the University of Washington. Stephanie currently resides in Magnolia with her husband and her pets.

Team Role / specialties

Financial planning
Wealth management strategies

Contact Information

Stephanie Honan, CFP
stephanie.honan@ubs.com
206-287-8805



- 14** Years serving on non-profit boards
- 9** Years living in Alaska
- 3** High energy, elementary school aged boys

Jason is a Wealth Strategy Associate, Chartered Retirement Planning Counselor and Certified Investment Management Analyst. Jason earned his CIMA designation from the Wharton Business School. He has been with UBS for 7 years.

Jason serves on the board of the Woodland Park Zoo and Community Health Center of Snohomish County. He was President of the Greater Wasilla Chamber of Commerce and served on multiple high profile boards. He was one of Alaska's 'Top 40 Under 40' in 2009. Jason has been married to his wife Joey for 16 years. He likes to play sports, hike, play guitar and cheer for Seattle sports teams with his family.

Team Role / specialties

Portfolio analysis, asset allocation and investment manager research
Institutional consulting

Contact Information

Jason Hamlin, CIMA, CRPC
jason.hamlin@ubs.com
206-447-2465



- 76** Countries visited, including 54 for work
- 2** Companies co-founded (both still exist)
- 2** National sailing championship titles

Leo is a Financial Advisor. He was born, raised and educated in the Netherlands, and moved to the US in 1993. He has Bachelors degrees in Chemical Engineering and Economics, and a MBA from what is now Erasmus University in the Netherlands. His first job was to manage foreign currency exposures for KLM Royal Dutch Airlines in the Netherlands.

Leo has 3 children. He enjoys boating, biking, hiking and skiing. He is Vice-Chair Finance for the Seattle Symphony Orchestra and sits on the Boards of Benaroya Hall Music Center and some other local not-for-profit organizations.

Team Role / specialties

Clients with international financial situations
Equity analysis

Contact Information

Leo van Dorp
Leo.vandorp@ubs.com
206-689-3126



Important information

Investment committees

Global Investment Process and Committee Description

The UBS investment process is designed to achieve replicable, high quality results through applying intellectual rigor, strong process governance, clear responsibility and a culture of challenge.

Based on the analyses and assessments conducted and vetted throughout the investment process, the Chief Investment Officer (CIO) formulates the UBS Wealth Management Investment House View (e.g., overweight, neutral, underweight stance for asset classes and market segments relative to their benchmark allocation) at the Global Investment Committee (GIC). Senior investment professionals from across UBS, complemented by selected external experts, debate and rigorously challenge the investment strategy to ensure consistency and risk control.

Global Investment Committee Composition

The GIC is comprised of 13 members, representing top market and investment expertise from across all divisions of UBS:

- Alex Friedman (Chair)
- Mark Andersen
- Mark Haefele
- Andreas Höfert
- Jorge Mariscal
- Mads Pedersen
- Mike Ryan
- Simon Smiles
- Larry Hathaway (*)
- Bruno Marxer (*)
- Curt Custard (*)
- Andreas Koester (*)
- Andrew Williamson (*)

(*) Business areas distinct from Chief Investment Office/Wealth Management Research

WMA Asset Allocation Committee Description

We recognize that a globally derived house view is most effective when complemented by local perspective and application. As such, UBS has formed a Wealth Management Americas Asset Allocation Committee (WMA AAC). WMA AAC is responsible for the development and monitoring of UBS WMA's strategic asset allocation models and capital market assumptions. The WMA AAC sets parameters for the CIO WMR Americas Investment Strategy Group to follow during the translation process of the GIC's House Views and the incorporation of US-specific asset class views into the US-specific tactical asset allocation models.

WMA Asset Allocation Committee Composition

The WMA Asset Allocation Committee is comprised of six members:

- Mike Ryan
- Michael Crook
- Stephen Freedman
- Richard Hollmann (*)
- Brian Nick
- Jeremy Zirin

(*) Business areas distinct from Chief Investment Office/Wealth Management Research

Statement of Risk

1. Equity markets are difficult to forecast because of fluctuations in the economy, investor psychology, geopolitical conditions, and other important variables.
2. Bond market returns are difficult to forecast because of fluctuations in the economy, investor psychology, geopolitical conditions and other important variables. Corporate bonds are subject to a number of risks, including credit risk, interest rate risk, liquidity risk, and event risk. Though historical default rates are low on investment grade corporate bonds, perceived adverse changes in the credit quality of an issuer may negatively affect the market value of securities. As interest rates rise, the value of a fixed coupon security will likely decline. Bonds are subject to market value fluctuations, given changes in the level of risk-free interest rates. Not all bonds can be sold quickly or easily on the open market. Prospective investors should consult their tax advisors concerning the federal, state, local, and non-U.S. tax consequences of owning any securities referenced in this report.
3. Prospective investors should consult their tax advisors concerning the federal, state, local, and non-U.S. tax consequences of owning preferred stocks. Preferred stocks are subject to market value fluctuations, given changes in the level of interest rates. For example, if interest rates rise, the value of these securities could decline. If preferred stocks are sold prior to maturity, price and yield may vary. Adverse changes in the credit quality of the issuer may negatively affect the market value of the securities. Most preferred securities may be redeemed at par after five years. If this occurs, holders of the securities may be faced with a reinvestment decision at lower future rates. Preferred stocks are also subject to other risks, including illiquidity and certain special redemption provisions.
4. Although historical default rates are very low, all municipal bonds carry credit risk, with the degree of risk largely following the particular bond's sector. Additionally, all municipal bonds feature valuation, return, and liquidity risk. Valuation tends to follow internal and external factors, including the level of interest rates, bond ratings, supply factors, and media reporting. These can be difficult or impossible to project accurately. Also, most municipal bonds are callable and/or subject to earlier than expected redemption, which can reduce an investor's total return. Because of the large number of municipal issuers and credit structures, not all bonds can be easily or quickly sold on the open market.

Disclosures

Emerging Market Investments

Investors should be aware that Emerging Market assets are subject to, amongst others, potential risks linked to currency volatility, abrupt changes in the cost of capital and the economic growth outlook, as well as regulatory and socio-political risk, interest rate risk and higher credit risk. Assets can sometimes be very illiquid and liquidity conditions can abruptly worsen. WMR generally recommends only those securities it believes have been registered under Federal U.S. registration rules (Section 12 of the Securities Exchange Act of 1934) and individual State registration rules (commonly known as "Blue Sky" laws). Prospective investors should be aware that to the extent permitted under US law, WMR may from time to time recommend bonds that are not registered under US or State securities laws. These bonds may be issued in jurisdictions where the level of required disclosures to be made by issuers is not as frequent or complete as that required by US laws.

For more background on emerging markets generally, see the WMR Education Notes "Investing in Emerging Markets (Part 1): Equities", 27 August 2007, "Emerging Market Bonds: Understanding Emerging Market Bonds," 12 August 2009 and "Emerging Markets Bonds: Understanding Sovereign Risk," 17 December 2009.

Investors interested in holding bonds for a longer period are advised to select the bonds of those sovereigns with the highest credit ratings (in the investment grade band). Such an approach should decrease the risk that an investor could end up holding bonds on which the sovereign has defaulted. Sub-investment grade bonds are recommended only for clients with a higher risk tolerance and who seek to hold higher yielding bonds for shorter periods only.

Non-Traditional Assets

Non-traditional asset classes are alternative investments that include hedge funds, private equity, real estate, and managed futures (collectively, alternative investments).

Interests of alternative investment funds are sold only to qualified investors, and only by means of offering documents that include information about the risks, performance and expenses of alternative investment funds, and which clients are urged to read carefully before subscribing and retain. An investment in an alternative investment fund is speculative and involves significant risks. Specifically, these investments (1) are not mutual funds and are not subject to the same regulatory requirements as mutual funds; (2) may have performance that is volatile, and investors may lose all or a substantial amount of their investment; (3) may engage in leverage and other speculative investment practices that may increase the risk of investment loss; (4) are long-term, illiquid investments, there is generally no secondary market for the interests of a fund, and none is expected to develop; (5) interests of alternative investment funds typically will be illiquid and subject to restrictions on transfer; (6) may not be required to provide periodic pricing or valuation information to investors; (7) generally involve complex tax strategies and there may be delays in distributing tax information to investors; (8) are subject to high fees, including management fees and other fees and expenses, all of which will reduce profits.

Interests in alternative investment funds are not deposits or obligations of, or guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other governmental agency. Prospective investors should understand these risks and have the financial ability and willingness to accept them for an extended period of time before making an investment in an alternative investment fund and should consider an alternative investment fund as a supplement to an overall investment program.

In addition to the risks that apply to alternative investments generally, the following are additional risks related to an investment in these strategies:

- **Hedge Fund Risk:** There are risks specifically associated with investing in hedge funds, which may include risks associated with investing in short sales, options, small-cap stocks, "junk bonds," derivatives, distressed securities, non-U.S. securities and illiquid investments.
- **Managed Futures:** There are risks specifically associated with investing in managed futures programs. For example, not all managers focus on all strategies at all times, and managed futures strategies may have material directional elements.
- **Real Estate:** There are risks specifically associated with investing in real estate products and real estate investment trusts. They involve risks associated with debt, adverse changes in general economic or local market conditions, changes in governmental, tax, real estate and zoning laws or regulations, risks associated with capital calls and, for some real estate products, the risks associated with the ability to qualify for favorable treatment under the federal tax laws.
- **Private Equity:** There are risks specifically associated with investing in private equity. Capital calls can be made on short no-tice, and the failure to meet capital calls can result in significant adverse consequences including, but not limited to, a total loss of investment.
- **Foreign Exchange/Currency Risk:** Investors in securities of issuers located outside of the United States should be aware that even for securities denominated in U.S. dollars, changes in the exchange rate between the U.S. dollar and the issuer's "home" currency can have unexpected effects on the market value and liquidity of those securities. Those securities may also be affected by other risks (such as political, economic or regulatory changes) that may not be readily known to a U.S. investor.

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