

# Simplified prospectus

## UBS–ETF SLI Swiss Leader Index®

**Contractually based investment fund under Swiss law (Category Other Funds for Traditional Investments)**

**Fund management company:** UBS Fund Management (Switzerland) AG  
**Custodian bank:** UBS AG

This simplified prospectus contains a summary of the key information about the investment fund. The detailed prospectus including the fund contract governs the legal and economic aspects definitively. These include such aspects as the rights of investors, the duties and obligations of the fund management company and the custodian bank and the investment policy of the fund. Investors are advised to consult the detailed prospectus. The annual and semi-annual reports provide information about the capital account and income statement. These documents are available free of charge from the fund management company, the custodian bank and all distributors.

### Investment information

#### Investment objective

UBS–ETF SLI Swiss Leader Index® aims to replicate the price and return performance of the Swiss Leader Index® (“SLI®”) gross of fees.

#### Investment strategy (Investment policy)

This investment fund invests primarily in equities issued by companies that are either included in the SLI Swiss Leader Index®, or are not in the SLI Swiss Leader Index®, but for which notification of their inclusion in this index has been given, and other investments permitted under the fund contract.

This fund can engage in securities lending.

Derivative financial instruments can be used to ensure that the fund’s assets are managed efficiently. The use of derivatives is part of the investment strategy.

Benchmark: SLI Swiss Leader Index® (“SLI®”)

#### Listing of sub-fund unit classes on SIX Swiss Exchange

The fund’s units are listed on SIX Swiss Exchange (SIX). The SIX Admission Board approved the application for listing. The trading of fund units via SIX began on 14 September 2007 and is carried out exclusively in Swiss francs (CHF).

Units are listed on SIX in order to enable investors to buy and sell units on a liquid, regulated secondary market, i.e. on the stock exchange, in addition to being able to subscribe and redeem units directly from the fund management company and its distributors.

Currency of account: Swiss franc (CHF)

#### Risk profile of the sub-fund

The main risks of the fund are that the return and value of the units are subject to changes arising from fluctuations in the returns and value of the shares held in the SLI®.

Due to the projected use of derivatives, this fund qualifies as a “simple securities fund”. Commitment approach I shall be used for the measurement of risk. Commitment approach I is a simplified method designed to ensure that any investments in derivatives do not exert a leverage effect on the fund’s assets or amount to short-selling. The fund management company shall ensure that the use of derivatives does not alter the investment objectives as stated in this simplified prospectus, the fund contract and the prospectus, or the investment profile of the fund even in exceptional market circumstances.

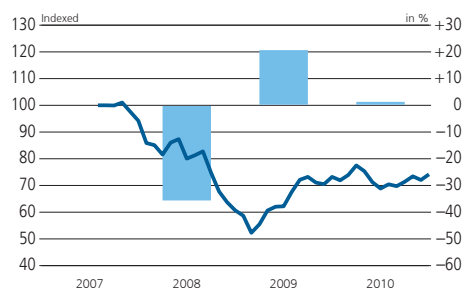
Besides market risk, derivatives are also subject to counterparty risk, i.e. the risk that the contracting party is unable to meet its obligations and causes a financial loss as a result.

The detailed prospectus contains more specific information about the risks noted here.

## Performance of the sub-fund

### Performance (CHF-based):

The performance shown does not take account of any commissions and incidental costs charged when subscribing to and redeeming units.



in %	2006	2007	2008	2009	2010 <sup>1</sup>	Dec. 2010	since 4.7.07	Ø p.a. 3 years
Fund (CHF)	–	–	-35.61	20.65	1.30	2.92	-29.19	-7.68
Benchmark <sup>2</sup>	–	–	–	–	–	–	–	–

<sup>1</sup> YTD: year-to-date (since beginning of the year)

### Average annual return as at end-December 2010:

Past 3 years: –5.54%  
 Past 5 years: n/a  
 Past 10 years: n/a

Past performance provides no indication of the future performance of the fund units. This depends on market developments and how successfully the asset manager implements the investment policy.

### Profile of the typical investor

The fund is appropriate for investors with a long-term horizon who are primarily seeking to achieve capital growth. Investors can accept larger fluctuations and a longer-lasting decline in the net asset value of the fund units. They are aware of the considerable risks an equity investment entails.

### Distributions

The net income of the fund will be distributed free of charge to the investors annually within four months of the close of the financial year in the accounting currency Swiss franc (CHF) (see Tax aspects (investment fund)).

As a rule, capital gains are not distributed but are retained in the fund for reinvestment.

### Unit classes

The fund is not subdivided into unit classes.

## Economic Information

### Remuneration and incidental costs

Remuneration and incidental costs	2008 <sup>1</sup>	2009 <sup>2</sup>	2010 <sup>3</sup>
<b>Remuneration and incidental costs incurred directly by the investor when subscribing to and redeeming units</b>			
Subscription of units	5%	5%	5%
via custodian bank in Switzerland max.			
Redemption of units	2%	2%	2%
via custodian bank in Switzerland max.			
<b>Remuneration and incidental costs charged to the fund's assets on an ongoing basis</b>			
Flat fee charged by fund management company	0.35%	0.35%	0.35%
<b>Total expense ratio (TER)</b>	0.35%	0.35%	0.35%
<b>(excluding securities transaction costs)</b>			
<b>Portfolio turnover rate (PTR)</b>	35.68%	61.17%	55.25%
<b>according to Swiss Funds Association (SFA)</b>			

<sup>1</sup> For the financial year 10 September 2007 to 30 June 2008.

<sup>2</sup> For the financial year 1 July 2008 to 30 June 2009.

<sup>3</sup> For the financial year 1 July 2008 to 30 June 2009.

The flat fee can be used in full or in part for distribution remuneration and/or for reimbursements granted to specific types of investors.

**Fee-sharing agreements and soft commissions**

There are no fee-sharing agreements.

The fund management company has not concluded any agreements on retrocessions relating to so-called soft commissions.

**Tax aspects (investment fund)**

The fund has no legal personality in Switzerland. It is subject to neither income tax nor capital gains tax.

The fund management company shall apply for a refund of all Swiss federal withholding tax levied on the fund's domestic income on behalf of the fund.

Any income and capital gains realised abroad may be subject to the relevant withholding tax deductions imposed by the country of investment. These taxes are, as far as possible, reclaimed by the fund management company on behalf of investors resident in Switzerland under the terms of double taxation treaties or other such agreements.

**Tax aspects (investors with tax domicile in Switzerland)**

Income distributions made by the fund to investors domiciled in Switzerland are subject to Swiss federal withholding tax (tax at source) at a rate of 35%. Capital gains are not subject to withholding tax provided they are distributed with a separate coupon or listed separately in the statement sent to the investor. Investors domiciled in Switzerland may reclaim Swiss withholding tax by declaring it in their tax returns, or by submitting a separate application for a refund.

**Tax aspects (investors with tax domicile abroad)**

Income distributions made by the fund to investors domiciled outside Switzerland are subject to Swiss federal withholding tax (tax at source) at a rate of 35%. Capital gains are not subject to withholding tax provided they are distributed with a separate coupon or listed separately in the statement sent to the investor.

Investors domiciled abroad are able to reclaim withholding tax, if applicable, under the terms of double taxation agreements (DTA) with Switzerland.

Income distributions are not subject to European savings tax in Switzerland.

Other tax implications for investors who hold, buy or sell fund units are defined by the tax laws and regulations in the investor's country of domicile.

**Issue and redemption of fund units****Publication of prices**

Unit net asset values are published on each day fund units are issued or redeemed (daily) by Swiss Fund Data AG, on the Internet at [www.ubs.com/etf](http://www.ubs.com/etf), in other electronic media and in Swiss and foreign newspapers.

Other information is published in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt or SHAB) and by Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

**Type and manner of acquiring and redeeming units**

Investors may acquire fund units on the primary or secondary market. The issue and redemption of fund units by the fund management company or its distributors is known as the primary market. Buying on the secondary market refers to a purchase or sale via the stock exchange.

Units may be issued or redeemed on any bank business day. The fund management company and the custodian bank are entitled to reject applications for subscription at their own discretion.

Subscription and redemption orders received at the custodian bank by 4 p.m. (CET) on a bank business day (order date) will be settled on the following bank business day (valuation date) on the basis of the net asset value calculated on this date (forward pricing).

**Brief description of the sub-fund**

Inception date of fund	2007 under Swiss law
Financial year	1 July to 30 June
Securities no.	3291273
ISIN	CH0032912732
Ticker	UBSLI
Life ( of investment fund)	unlimited
Promoter	UBS AG, Zurich and Basel
Fund management company	UBS Fund Management (Switzerland) AG, Basel
Asset manager	UBS Global Asset Management, Zurich
Delegation of specific tasks	UBS Fund Services (Luxembourg) S.A.
Custodian bank	UBS AG, Zurich and Basel
External auditors	Ernst & Young Ltd., Basel
Supervisory authority	Swiss Financial Market Supervisory Authority FINMA, Berne

**Contacts****In Switzerland:**

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**In Liechtenstein:**

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