

# Family businesses

**Families:** a success factor and return generator

Open End PERLES on the Solactive Global Family Owned Companies Index

## I. Model for success

Many internationally successful companies are run by dedicated families that want to pass on a prosperous business to future generations. A recent UBS Global Research study shows that family-controlled companies have better long-term performance and profitability (source: "Q-Series - Why do Family-Controlled Public Companies Outperform? The Value of Disciplined Governance", April 13, 2015). The experts also discovered that share prices for family-owned companies were less volatile than their peers in global large cap indexes.

## II. Unearthing the secret to their success

UBS Global Research believes that more efficient governance and disciplined cost management are the main reasons why family-controlled companies outperform their peers. They are managed for the long-term, and not optimized to meet certain quarterly targets. Rigorous succession planning also plays a big role. The world's 500 largest family-owned companies are being run by the fourth generation on average. That builds trust for the future.

## III. Quiet champions in one package

The University of St. Gallen is also deeply interested in this subject. It even maintains a research and education center on family businesses. Together with the consulting firm Ernst & Young, the St. Gallen researchers have launched the Global Family Business Index comprising the world's 500 largest family-owned companies by sales. Listed and unlisted companies are treated differently, however. Listed companies only count as family-owned if one family holds at least 32 percent of their voting rights. In Switzerland, that criterion holds true for example for pharmaceutical giant Roche, logistics specialist Kühne + Nagel, and the Schindler Holding industrial group. There are large family-owned multinationals in other countries as well. They include Axel Springer, Beiersdorf and Henkel in Germany, H&M in Sweden, and Ford Motor, Hyatt Hotels and Wal-Mart in the US.

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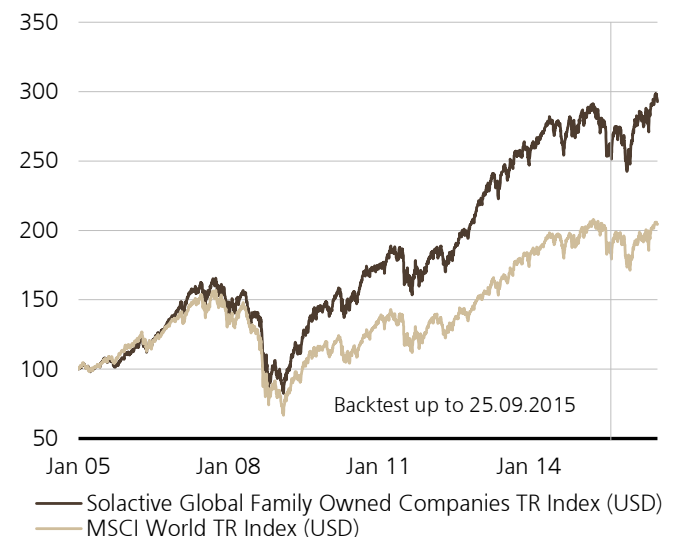
### SVSP product type

Tracker certificates (1300)

Currency	Valor	SIX Symbol
CHF	30155290	FAMCHU
EUR	30155291	FAMEUU
USD	30155292	FAMUSU

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### Solactive Global Family Owned Companies TR Index vs. MSCI World TR Index



	Solactive Global Family Owned Companies TR Index	MSCI World TR Index
Return p.a.	9.2%	6.1%
Volatility p.a.	15.5%	16.8%
Sharpe Ratio	0.60	0.36

Source: Bloomberg, UBS / Period: 01.01.2005 to 30.09.2016.  
This chart represents a historical review before 25.09.2015 of the Solactive Global Family Owned Companies Index. This historical data is not a reliable indicator for the future performance.

#### IV. Ingenious index design

A multi-generational planning horizon should be particularly attractive to long-term investors. The only question is how to gain exposure. To meet this need, index provider Solactive launched the Solactive Global Family Owned Companies Total Return Index in September 2015.

The equity universe consists of the Global Family Business Index, which comprises the world's 500 largest family-owned companies by sales. Equities are only included in the index if they pass a systematic selection process. For example, when they are added to the index, they must have a minimum market capitalization of 1 billion US dollars and a minimum average daily trading volume of 10 million US dollars for the past three months. The index contains the 50 companies with the lowest 12-month volatility whereas each stock initially has a maximum weighting of 5%. The index members are weighted quarterly in January, April, July and October based on their inverse 12-month volatility. The US is the largest region in the index at 46.5%. Swiss companies account for 5.8%.

The index gives investors the opportunity to gain broadly diversified exposure to families as a success factor. The index's composition is dynamic and adapts to market events. Every April, Solactive AG reviews the Solactive Global Family Owned Companies Index, checking its composition and adjusting it as needed.

#### V. Members of the Solactive Global Family Owned Companies TR Index

Company	Market capitalization (in bn USD)	Company	Market capitalization (in bn USD)
Acciona SA	3.6	Hormel Foods Corp	20.9
AMERCO	6.9	Industria de Diseno Textil SA	99.6
Beiersdorf AG	21.1	KOC Holding AS	34.4
Berkshire Hathaway Inc	365.9	Kuehne + Nagel International A	16.7
Brown-Forman Corp	20.4	Loews Corp	14.0
Campbell Soup Co	18.9	Merck KGaA	42.2
Canadian Tire Corp Ltd	10.3	Molson Coors Brewing Co	21.4
CBS Corp	23.5	New World Development Co Ltd	93.0
Christian Dior SE	29.2	O'Reilly Automotive Inc	27.2
Colruyt SA	7.5	PACCAR Inc	21.0
Comcast Corp	160.2	Power Corp of Canada	12.7
Dassault Systemes	19.4	Quebecor Inc	4.9
Empire Co Ltd	6.1	Roche Holding AG	211.1
Estee Lauder Cos Inc/The	33.7	Rogers Communications Inc	29.7
Ferrovial SA	13.0	Saputo Inc	17.0
Fomento Economico Mexicano	32.6	Schindler Holding AG	20.3
Ford Motor Co	49.1	Scripps Networks Interactive I	8.3
Franklin Resources Inc	21.0	Shaw Communications Inc	12.9
George Weston Ltd	14.9	Sika AG	11.6
Haci Omer Sabanci Holding AS	19.6	Sodexo SA	16.2
Henkel AG & Co KGaA	47.1	Sun Hung Kai Properties Ltd	319.9
Hennes & Mauritz AB	450.3	Swire Pacific Ltd	124.3
Hermes International	41.7	Thomson Reuters Corp	40.4
Hershey Co/The	24.3	Twenty-First Century Fox Inc	47.3
Hong Kong & China Gas Co Ltd	185.2	Wal-Mart Stores Inc	226.6

As of: 30.09.2016

Source: Solactive (the current index composition and weighting is published daily on [www.solactive.com](http://www.solactive.com))

## VI. Product solutions

UBS Open End PERLES on the Solactive Global Family Owned Companies Index mirrors the performance of the underlying index, which reinvests any net dividends paid to the index members, after deducting a management fee of 0.75 percent p.a. with unlimited duration.

<b>Issuer</b>	UBS AG, London Branch	UBS AG, London Branch	UBS AG, London Branch
<b>SVSP product type</b>	Tracker certificates (1300)	Tracker certificates (1300)	Tracker certificates (1300)
<b>Conversion ratio</b>	1:1	1:1	1:1
<b>Management fee</b>	0.75% p.a.	0.75% p.a.	0.75% p.a.
<b>Expiry</b>	Open End	Open End	Open End
<b>Underlying (Currency)</b>	Solactive Global Family Owned Companies TR Index (CHF)	Solactive Global Family Owned Companies TR Index (EUR)	Solactive Global Family Owned Companies TR Index (USD)
<b>Issue price</b>	CHF 107.67	EUR 109.14	USD 104.89
<b>ISIN / SIX Symbol</b>	CH0301552904 /FAMCHU	CH0301552912 /FAMEUU	CH0301552920 /FAMUSU

## VII. Opportunities

- Equity-linked exposure to potential gains in the share prices of international family-run companies.
- Highly regarded University of St. Gallen provides the underlying universe.
- Designed, composed and calculated by Solactive AG, an experienced index provider.
- Index uses lowest volatility design.
- 50 index members ensure broad diversification.
- Tradable every trading day under normal trading conditions.
- No fixed term restriction.

## VIII. Risks

- No capital protection: investors run the risk of losing their investment if the price of the underlying index worsens.
- Investors bear the issuer risk and could lose their investment if the issuer files for bankruptcy.
- The issuer intends to ensure liquidity in normal market phases on trading days. However, investors should realize that they may not be able to buy /sell the product at any point in time.
- As the stocks included in the index may be listed in different currencies and the product does not have any currency hedges, the investor may also be exposed to an exchange rate risk, which may adversely affect the value of the product
- The issuer has the right to terminate the product if certain conditions are met. See the termsheet for details.

### Investor profile

Solutions for investors with experience in stock market topics and structured products and with a medium to increased risk tolerance who would like to participate in the performance of the equities included in the index at little capital and administrative expense.

For other products and information on opportunities and risks visit: [ubs.com/keyinvest](https://ubs.com/keyinvest)

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