



Energy for the future

UBS (Lux) Equity Fund – Future Energy



UBS Investment Funds

Your key to global opportunities

“The Stone Age
was not brought
to an end by a
lack of stones.
Nor will the Oil Age
end because
of a lack of oil.”

Sheikh Ahmet Yamani, former Oil Minister of Saudi Arabia,
Sunday Telegraph, 25 June 2000

Potential that won't dry up. UBS (Lux) Equity Fund – Future Energy



Water, a renewable source of energy

Under the name “UBS (Lux) Equity Fund – Future Energy”, UBS is launching a fund which focuses on investments in innovative products, technologies and services in the rapidly growing market for renewable sources of energy and energy efficiency.

- renewable energy and energy efficiency
- decentralisation of energy supply
- a broader service offering
- a socially acceptable form of energy supply in developing countries

Renewable energy and efficient solutions are needed.

The expected annual increase in worldwide energy consumption of 2% to 3% over the next few decades means that energy needs will at least double by 2040.

Economic, ecological and political conditions are stepping up the trend towards:

The driving forces behind this trend are the need for low-priced solutions to cover future demand, global warming from the use of fossil fuels, the liberalisation of the energy markets and oil prices.

Innovative technology providers, energy suppliers and service providers as well as the manufacturers of components, equipment and systems are set to gain substantial market share. Those companies which develop the best solutions and strategies have a promising future ahead of them.

A forward-looking energy policy needs to be built on three pillars:

- Efficient use of energy
- Heat/energy coupling
- Regenerative energy

Amory Lovins & Peter Hennicke from their book "Voller Energie: Die globale Faktor Vier-Strategie für Klimaschutz und Atomausstieg"

A joint responsibility. UBS's global understanding

We emphasise our responsibility for the environment with professional environmental management.

Investing in an environmentally compatible manner opens up new perspectives.

Back in 1992, we were one of the first banks to sign the UNEP banking declaration (United Nations Environment Programme), which obliges financial institutions to conduct their business in an environmentally friendly manner. Today, we are actively working to further develop this concept as a member of the steering committee for the financial sector. In May 1999, we were the first bank in the world to receive the ISO-14001 certificate for our global environmental management in banking. This is annually re-examined in an external monitoring audit.

The integration of environmental and social factors into corporate analyses is becoming more and more important in the investment business. With a view to sustainable development, UBS has already created various investment products (e.g. UBS (Lux) Equity Fund – Eco Performance).

Solar panels as a symbol of the sustainable generation of energy



The big picture – the key to making professional investment decisions



Geothermal energy: an unlimited source of sustainable electricity and heat

UBS portfolio managers work closely with a global network of independent environmental specialists.

The Socially Responsible Investments Team at UBS Asset Management looks for companies with high potential returns. According to carefully defined criteria, companies with top-quality products are identified. These companies are then analysed in terms of their growth potential, strategies and quality of management.

Only then is the final investment decision made. UBS portfolio managers also collaborate with independent environmental specialists. They use a broad-based network to acquire information, which in turn expands their viewpoint. Risks and rewards become easier to calculate.

Technologies with a global impact.

Wind and hydrogen as investment engines

The World Energy Council estimates investments in energy infrastructure at 1,000 billion US dollars annually. To build up additional capacity for producing electricity (expected to double in the next 40 years) of approx. 3 million megawatts, investments totalling around 3,000 billion US dollars are needed.

Alternative sources of energy – the energy market of tomorrow.

If one-third of the new capacities is to be furnished by renewable energy, an annual investment of 25 billion US dollars will be needed until 2040. Furthermore, the conversion and replacement of outdated plants provides a tremendous investment potential for energy efficient technologies.

Last year, for the second year in a row, more capacity was installed in wind energy than in nuclear energy. The Danish wind power industry currently employs 12,000 people and commands a 50% share of the global market. Growth in this sector is expected to continue at a rate of 20% to 30% p.a. throughout the world.

Fuel cell technology also offers great potential for the predicted hydrogen age. At present, the major automobile manufacturers are pushing ahead with this technology at a rapid pace. The first models should be on the market from about 2005.

Wind power and fuel cells will dramatically change the energy markets of the future. Investors in UBS (Lux) Equity Fund – Future Energy will be able to profit from this change.

Facing into the wind. The example of NEG Micon

The strictest criteria are used to select suitable companies for UBS (Lux) Equity Fund – Future Energy.

NEG Micon, a typical stock in UBS (Lux) Equity Fund – Future Energy, produces products and services with high environmental utility, operates wind parks and possesses considerable potential for innovation.

With a global market share of just under 20%, the Danish firm is one of the three largest on the market. NEG Micon is already well represented in the growth markets of Southern Europe and will soon expand into China and Japan. Services from financing to building wind farms make this manufacturer even more attractive. Compared to other renewable forms of energy, the production of electricity by wind power is currently the cheapest form, almost as cheap as electricity production by gas power stations.

Compared with other renewable sources of energy, wind farms produce cheaper electricity



Driven by innovation.**The example of IMPCO.**

IMPCO Technologies is the manufacturer of components for converting conventional automobile and lorry motors to operation with natural gas and biogas. The company is also developing hydrogen tanks which will play a key role in the future application of fuel cell vehicles. In particular, this will enable the automobile industry to attain the agreed consumption goals and to develop emission-free drive units.

IMPCO is already operating successfully worldwide and plays a leading role in the marketing of sustainable fuel cell drive systems.

The portfolio that has it all.**Equities with an ecological and social dimension.**

IMPCO and NEG Micon stocks are held in the UBS (Lux) Equity Fund – Future Energy portfolio. It also contains another 40–50 shares, the majority of which are from companies in Western Europe and North America. At least 90% of the investments are in companies listed on the stock market; no more than 10% of the investments may be made in unlisted firms (private equity).

“In the end, those countries which are the first to devote themselves to climate protection will be the ones to dominate the markets for new energy technology.”

Christopher Flavin, Chairman of the Worldwatch Institute in Washington, which is critical of government (from Spiegel 16/2001, p. 32).

UBS (Lux) Equity Fund – Future Energy: Why we recommend you this fund

Investing in modern energy technology and in innovative energy service providers often leads to an extraordinary

A sustainable complement to your portfolio.

performance. Furthermore, it promotes the development of a sustainable energy sector. This is an essential basis for ensuring survival of the planet for future generations.

On the right road.

Towards sustainable energy with great investment potential.

Investments in UBS (Lux) Equity Fund – Future Energy thus offer superior performance potential. They also help ensure that the climate will be healthy in the future – throughout the world.

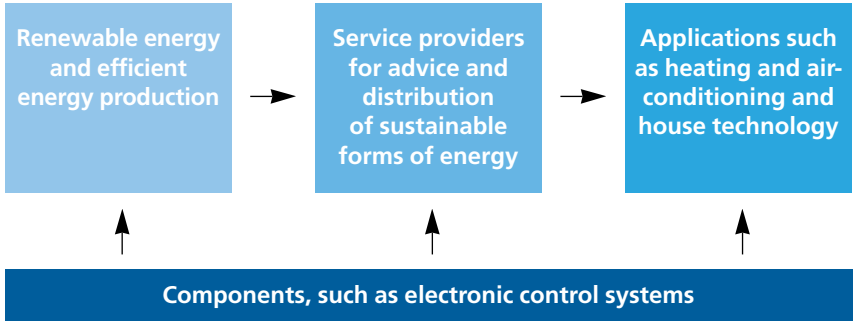
- You support forward-looking and efficient technologies.
- You participate in a growth market early on.
- You make a lasting contribution to improving the efficiency of energy systems (efficient use of existing sources of energy and renewable energy).
- You make an active contribution to solving environmental problems.
- You have a good chance of achieving attractive returns.

Investment strategy: brief and convincing

The investment strategy of UBS (Lux) Equity Fund – Future Energy targets four areas. The companies of interest to the fund are active in the following business segments:

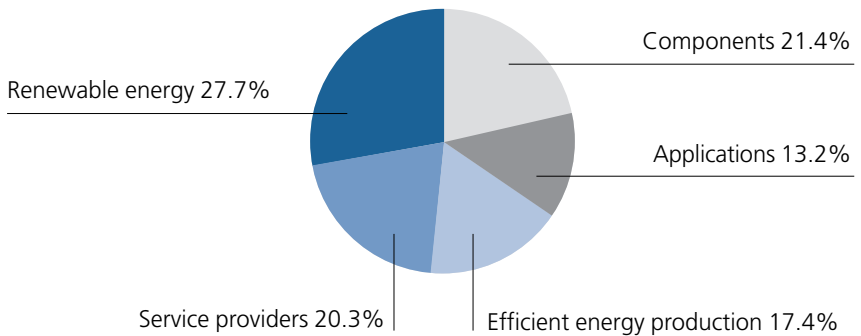
- **Renewable energy and efficient energy production**
Production of useable power (electricity and heat) by renewable energy (e.g. wind, solar power) as well as by energy-efficient technologies, such as heat/energy coupling, e.g. for microturbines and fuel cells.
- **Services**
Advice and marketing as well as distribution of sustainable forms of energy, from contracting to financing.
- **Applications**
Energy-efficient solutions for lighting, heating and air-conditioning in residential and work spaces.
- **Components**
Key technologies such as electronic control systems, heat exchangers, heat pumps and energy storage.

Investment fields in the energy value chain



The target portfolio of UBS (Lux) Equity Fund – Future Energy

(Status as of August 2001)



Risk is not played down

An independent council of experts* from politics, economics and science holds an advisory function concerning the formulation of the investment policy and investment decisions.

Extensive expertise.

A network and a council of experts for quality assurance.

One of UBS's partners is ecos.ch AG with head office in Basel. ecos.ch is specialised in the acquisition and evaluation of information and knowledge about sustainable development. ecos.ch acts as a rating agency for UBS (Lux) Equity Fund – Future Energy. It ensures the quality and objectivity of the company ratings using independent sources.

The security you want.

Highly professional risk management by specialists.

The stocks selected for the fund may fluctuate considerably. That's why UBS considers risk analysis to be so important. It sticks to formulated investment policies, consults external specialists and depends on first-rate UBS research in the technology sector. Like all equity funds, UBS (Lux) Equity Fund – Future Energy also entails certain risks. The fund invests in small to medium-sized companies. The performance of these investments may sometimes be subject to larger fluctuations.

* Among the members are:

Dr. Amory B. Lovins,

Director of the Rocky Mountain Institute (RMI) in Colorado, USA

Prof. Ernst Ulrich von Weizsäcker,

Member of the German parliament

Suitability

This fund is suitable for investors who want to profit from the advantages of renewable energy and the efficient use of existing energy sources with a carefully selected, broadly diversified equity portfolio. The fund provides a sophisticated combination for investors who want to make a commitment in financially attractive and environmentally sustainable investments. The broad diversification of the fund reduces the risk.

Data – Facts – Information

Securities number	1 248 700
Legal form	Investment fund established under Luxembourg law
Management company	UBS Equity Fund Management Company S.A., 291, Route d'Arlon, L-1150 Luxembourg
Custodian bank	UBS (Luxembourg) S.A., 36–38, Grand-Rue, B.P. 2, L-2010 Luxembourg
Representative in Switzerland	UBS Fund Management (Switzerland) AG, Aeschenvorstadt 48, CH-4002 Basel
Issue price	In EUR. The issue price is based on the daily net asset value per unit; issuing commission and fees are charged separately.
Currency of account	EUR
Value date	3 bank business days
Commissions/charges valid in Switzerland	For more detailed information on issuing and redemption commissions, please contact your client advisor.
All-in fee	2.04%* p.a.
Accounting year ends	30 November
Distribution	None, i.e. income is continuously reinvested in the fund.
Withholding tax/ tax at source	None
Investment Fund Account	UBS (Lux) Equity Fund – Future Energy may also be acquired via the UBS Investment Fund Account.

* As of June 2001. For any changes, please refer to the current fund prospectus.

Price information

You can find information about the prices of UBS Investment Funds in the Swiss daily newspapers and financial press, major European business publications and on Swiss Teletext (SF1/TSR1, p. 626–629; SF2/TSR2, p. 645–648; TSI, p. 626–629 and 855–858) as well as on Reuters (UBSFUNDS01–24), Investdata (3, Telekurs symbol, 10), Bloomberg (EquityTK_UBS) and on the Internet (<http://www.ubs.com/funds>).

Representative in Switzerland for UBS Investment Funds under foreign law: UBS Fund Management (Switzerland) AG, PO Box, CH-4002 Basel.

Prospectuses as well as annual and semi-annual reports of UBS Investment Funds are available free of charge at UBS AG, PO Box, CH-4002 Basel or at UBS Fund Management (Switzerland) AG, PO Box, CH-4002 Basel.

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For any further questions, please contact our client advisors or call our UBS Fund Infoline.
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