



Ecology is  
economy with a future  
UBS (Lux) Equity Fund – Eco Performance





“Ecological investments make sense and are financially attractive: they reward investors who do not want to be part of the problem but part of the solution.”



**Amory B. Lovins, Member of the UBS (Lux) Equity Fund – Eco Performance Board of Experts. Since 1982 Director of Research and Finance at the Rocky Mountain Institute in Colorado, USA, co-author of the report to the Club of Rome “Factor Four – Doubling Wealth, Halving Resource Use”.**

# Smart investments for mankind and the environment



Since its launch on 18 June 1997, UBS (Lux) Equity Fund – Eco Performance has performed very well: total assets had reached almost 400 million Swiss francs by the end of August 2001. It has, thus, become the largest ecological-social fund among German-speaking countries. This investment category which, as well as financial criteria, also considers ecological and social criteria, is also known as “Socially Responsible Investments”.

**A broad horizon opens  
up new prospects.  
In technology as well  
as in nature.**

## Ecological-social investments pay off doubly.

This record of success is reflected in market developments, the expertise of our investment specialists, as well as trust and continued interest from investors. The fund invests in companies who generate significantly above-average ecological, social and economic

returns and also show attractive growth potential. Its investment strategy is based on our proven know-how and not only takes risks into account, but also its suitability for the individual client.



“Money rules the world – even my money!

By investing in the eco-fund, we can all help ensure that large companies take better account of ecological factors and social responsibility.”



**Prof. Ruth Kaufmann-Hayoz, Member of the UBS (Lux) Equity Fund – Eco Performance Board of Experts. Professor for General Ecology Questions at the University of Berne.**

# Sustainable resource management pays off

Respect for the environment is increasingly becoming an integral component of economic activity. The Rio Earth Summit in 1992 turned the environment into a hot political issue. Sustainable, environmentally-friendly and socially responsible management of resources has become fashionable and is constantly

gaining in importance. In the last few years, many companies have demonstrated their ability to cut costs by making an active commitment to the environment, and in doing so, they are capturing new markets with ecological products. Firms with a social conscience are often distinguished by their excellent management.



**Exploit the forces of nature. Some are more powerful than you think.**



**The fund invests in environmentally and socially leading companies of two types:**

- Large companies that, as leaders in their sector, demonstrate outstanding environmental and/or social performance. They exploit large potential savings through continuous improvements in eco-efficiency, thus benefiting the environment in a perceptible way. The areas of environmental strategy, environmental management systems, process data and product development are central to this analysis. Sector-specific ecological company analysis is supplemented by a questionnaire dealing with social criteria such as social policy or the relationship to important stakeholders.
- Smaller and medium-sized firms with specific ecological concepts, products and services that demonstrate impressive growth rates. These companies are selected on the basis of their product line, e.g. renewable energy sources or biological food.

### **Ecological potential**

Several years ago, experts at the UN warned that water would become more scarce than oil in the 21st century. Since water prices will continue to rise, technologies which use little water and allow for a low-priced water and wastewater treatment are attractive.

Organically-grown food sells very well. Worldwide sales amounted to 20 billion US dollars in 1999, double what it was two years ago. Growth is expected to continue at a rate of 20% a year.

## **Take advantage of the environmental awareness of first-rate companies.**

Electricity generated by wind power is already in a position to compete with conventionally generated electricity. With above-average growth expected to continue, the major markets are likely to see this rate double in the next few years. The solar-energy market is also set to take off.

**Organically grown coffee from fair trade: economic success thanks to respect for man and the environment.**



### **Social responsibility leads companies to success**

By taking account of environmental requirements and recognising their social responsibility, companies can improve their future prospects considerably. Corresponding product innovations and an improved environmental performance result in clear added value. The systematic recording of and early reaction to political and social changes create competitive advantages.

# UBS (Lux) Equity Fund – Eco Performance: Why we recommend you this fund



Higher eco-efficiency results in cost savings and this in turn leads to greater profit, making for attractive returns. The addition of environmental fore-runners to conventional investment strategies opens up new and exciting future prospects.

## **Companies with forward-looking eco-strategies**

Unilever is one of the leading producers of food and detergents worldwide. This group pursues a credible and consistently implemented strategy for sustainable fisheries, agriculture and water consumption and is considered an “eco-leader”.

Among the “eco-innovators” are: the Canadian company Ballard Power Systems, which is developing environmentally-friendly fuel cells in cooperation with large automobile groups; Wild Oats Markets, an operator of organic supermarkets in the US; Wedeco, active in the water treatment sector and Jenbacher Werke, which produces energy very efficiently through its co-generation unit.

How can you identify such attractive firms and differentiate between short-lived trends and lasting changes?

### The best choice thanks to professional rating

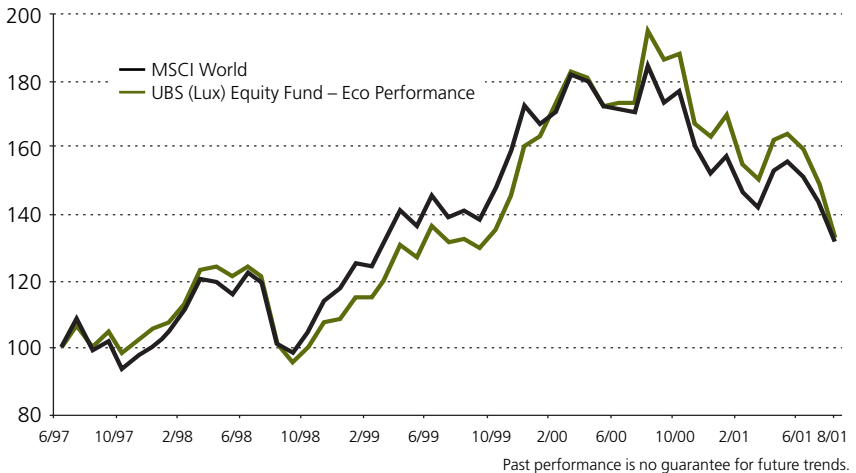
Behind the Eco Performance fund are investment specialists, financial analysts, environmental experts and advisors who work solely for us and are internationally recognised experts. Using a method of analysis developed exclusively for UBS, they clarify the necessary environmental and social responsibilities. They then make an optimum selection of companies taking into account the risk/return aspects.

Modern water-saving technology conserves resources and cuts costs.



### Performance from June 1997 to August 2001

Indexed in CHF (Source: SAFIR, Datastream)



# A global equity fund – with stringent ecological and social selection criteria



The fund invests globally in equities of firms which promise excellent financial, ecological and social results. Stocks

## The UBS team of analysts picks stocks on the basis of careful research.

are chosen selectively according to the “best-in-class” principle and are systematically diversified among all economic sectors. No industry is excluded just because it is generally detrimental to the environment; it is precisely these industries which have the greatest potential for improvement. Based on an analysis of the companies which recognise their social responsibility, investments are not made in the

tobacco, nuclear energy or armaments industries nor in firms which use genetic engineering in agriculture. 80% of the fund's assets are allocated to eco-leaders and/or social leaders and 20% to eco-innovators.

Our team of analysts actively looks for eco-leaders and/or social leaders as well as eco-innovators and is responsible for regular monitoring.

**If you would like to know more about the methodology behind the environmental performance analysis, you will find further information in our image brochure of the same name "UBS (Lux) Equity Fund – Eco Performance. Ecology is economy with a future". To order, see the address on page 15.**

**Thanks to high-tech, solar energy and insulation: heating and electricity from renewable sources.**



### The 5 largest positions of the fund as of August 2001

Company	Share	Field of activity
Bristol-Myers Squibb	4.3%	Health care, incl. pharmaceuticals
Johnson & Johnson	4.0%	Health care, incl. pharmaceuticals
3M (Minnesota Mining & MFG)	3.2%	Chemical and household products
Verizon	2.7%	Telecommunications
BankAmerica	2.6%	Financial services

### 5 examples of eco-innovators (a selection as of August 2001)

Company	Field of activity
Astropower	Photovoltaic
Tomra Systems	Bottle recycling
Vestas	Wind turbines
Whole Foods Market	Food
Green Mountain Coffee	Coffee

“An economically sensible and ecologically sensitive way to steer the economy towards an eco-efficient path: an investment fund which rates investments on the basis of whether they have included this strategic goal in their corporate planning.”



Prof. Ernst Ulrich von Weizsäcker, Member of the UBS (Lux) Equity Fund – Eco Performance Board of Experts. Member of the German parliament, Founder President of the “Wuppertal Institut für Klima, Umwelt und Energie” (Wuppertal Institute for Climate, Environment, Energy), co-author of the report to the Club of Rome “Factor Four – Doubling Wealth, Halving Resource Use”.

# Risk is not played down

Like all equity funds, UBS (Lux) Equity Fund – Eco Performance entails certain risks. The fund's performance is subject to price fluctuations, but over the long term, equities generate higher returns than bonds.

## Suitability

This fund is suitable for investors who want to profit from the advantages of eco-efficient firms with a well selected, broadly diversified equity portfolio. The fund offers a sophisticated mix for investors who want to invest in financially attractive, ecologically and socially responsible investments. The broad diversification of the fund reduces the risk.

Owing to its risk structure and earnings outlook, UBS (Lux) Equity Fund – Eco Performance is a true alternative to conventional equity funds with global investments.

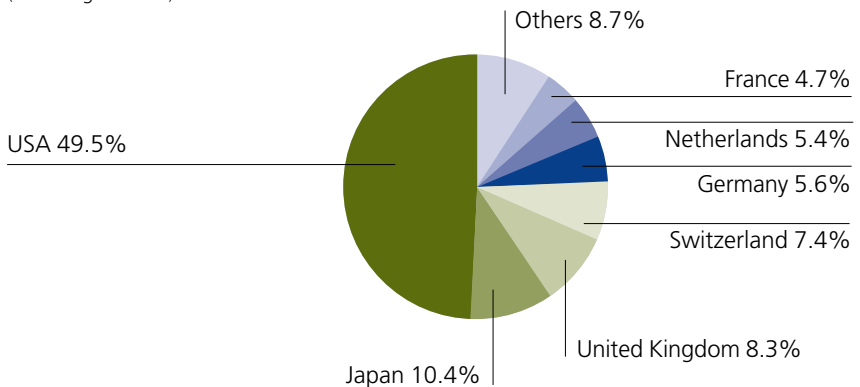
## Benchmark

We use the internationally recognised MSCI World Index as the benchmark for weighting countries and industries.

**Invest in our fund and take the opportunities offered by sustainable economic management.**

## Structure by countries of UBS (Lux) Equity Fund – Eco Performance

(as of August 2001)



# Data – Facts – Information

<b>Securities number</b>	638 135
<b>Legal form</b>	Investment fund established under Luxembourg law
<b>Management company</b>	UBS Equity Fund Management Company S.A., 291, Route d’Arlon, L-1150 Luxembourg
<b>Custodian bank</b>	UBS (Luxembourg) S.A., 36–38, Grand-Rue, B.P. 2, L-2010 Luxembourg
<b>Representative in Switzerland</b>	UBS Fund Management (Switzerland) AG, Aeschenvorstadt 48, CH-4002 Basel
<b>Issue price</b>	In CHF. Subscriptions are based on the daily net asset value per unit; issuing commission and fees are charged separately.
<b>Currency of account</b>	CHF
<b>Value date</b>	3 bank business days
<b>Commissions/charges valid in Switzerland</b>	For more detailed information on issuing and redemption commissions, please contact your client advisor.
<b>All-in fee</b>	2.04%* p.a.
<b>Accounting year ends</b>	30 November
<b>Distribution</b>	None, i.e. income is continuously reinvested in the fund
<b>Withholding tax/ tax at source</b>	None
<b>Investment Fund Account</b>	UBS (Lux) Equity Fund – Eco Performance may also be acquired via the UBS Investment Fund Account.

\* As of April 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 in 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 (Equity TK\_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.

The image brochure of the same name, 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.

Units of investment funds mentioned in this publication may not be offered, sold or distributed in the USA.

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